



**State:** Virginia **Filing Company:** CMFG Life Insurance Company  
**TOI/Sub-TOI:** LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified  
**Product Name:** 2006 LTC Product  
**Project Name/Number:** 2015 LTC Rate Increase/

## General Information

Project Name: 2015 LTC Rate Increase	Status of Filing in Domicile:
Project Number:	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Individual
Submission Type: New Submission	Individual Market Type:
Overall Rate Impact:	Filing Status Changed: 11/30/2016
	State Status Changed: 11/30/2016
Deemer Date:	Created By: Kimberly Steggall
Submitted By: Kimberly Steggall	Corresponding Filing Tracking Number:
	State TOI: LTC05I Individual Long Term Care - Nursing Home and Home Health Care

### Filing Description:

The purpose of this filing is to request a rate increase on our Long Term Care insurance policy forms 2006-LTC-COMP(VA) and associated riders, which were approved by the Department on April 28, 2008. The Company is requesting a 100% rate increase; an initial 50% rate increase followed by an additional 33% increase two years later.

CMFG Life is seeking rate increases on its Long Term Care Insurance (LTC) products because current estimates of lifetime loss ratios are in excess of expected. Persistency experience is the primary driver of our higher-than-expected loss ratios. Although morbidity projections are also less favorable than expected in original pricing, the overwhelming issues are lower lapse and mortality rates; as a result, the Company will ultimately pay out much more in claims than was originally expected. We are projecting lifetime loss ratios far in excess of what was assumed when the product was priced.

CMFG Life has requested or intends to request a 100% rate increase in all states and the District of Columbia. In states where the entire increase is not acceptable all at one time, an additional rate increase will be requested in successive years.

CMFG Life no longer markets proprietary Long Term Care insurance in any state.

Once state approval is received, action will be taken to implement the rate increase in a timely manner. We will offer affected policyowners some alternative options to reduce their benefits in order to possibly maintain their current premium levels. Form 2014-LTC-CHANGE, Benefit Change Request and form 2015-LTC-SBEND, Change in Schedule of Benefits Endorsement previously approved by the Department on December 21, 2015, under SERFF Tracking #CUNA-128867185, will also be used for this rate filing.

Attached to the Supporting Documentation tab is the actuarial memorandum with corresponding appendices to support this request. Also attached to the Rate/Rule Schedule tab is a new rate table for this form, with a 50% increase applied and then the additional 33% increase applied.

Thank you for your time in reviewing this submission.

## Company and Contact

### Filing Contact Information

Kimberly Steggall, Consultant, Rate & Form kimberly.steggall@cunamutual.com  
Compliance

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**State:** Virginia **Filing Company:** CMFG Life Insurance Company  
**TOI/Sub-TOI:** LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified  
**Product Name:** 2006 LTC Product  
**Project Name/Number:** 2015 LTC Rate Increase/

2000 Heritage Way 319-483-3082 [Phone]  
Waverly, IA 50677 319-483-3500 [FAX]

### Filing Company Information

CMFG Life Insurance Company	CoCode: 62626	State of Domicile: Iowa
2000 Heritage Way	Group Code: 306	Company Type:
Waverly, IA 50677	Group Name:	State ID Number:
(319) 352-4090 ext. [Phone]	FEIN Number: 39-0230590	

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### Filing Fees

Fee Required? No  
Retaliatory? No  
Fee Explanation:

<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Janet Houser	11/30/2016	11/30/2016

### Objection Letters and Response Letters

#### Objection Letters

Status	Created By	Created On	Date Submitted
Info has been requested from company	Janet Houser	11/21/2016	11/21/2016
Info has been requested from company	Janet Houser	05/25/2016	05/25/2016
Info has been requested from company	Janet Houser	04/11/2016	04/11/2016
Disapproved	Janet Houser	01/04/2016	01/04/2016

#### Response Letters

Responded By	Created On	Date Submitted
Kimberly Steggall	11/23/2016	11/23/2016
Kimberly Steggall	06/10/2016	06/10/2016
Kimberly Steggall	05/09/2016	05/09/2016
Kimberly Steggall	03/22/2016	03/22/2016

### Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Supporting Document	Long Term Care Insurance Rate Request Summary	Kimberly Steggall	11/30/2016	11/30/2016

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
LTC Rate Request Summary	Note To Filer	Janet Houser	11/30/2016	11/30/2016
Status Update	Note To Filer	Janet Houser	10/07/2016	10/07/2016
Request for Filing Status	Note To Reviewer	Kimberly Steggall	10/03/2016	10/03/2016
RRS	Reviewer Note	Janet Houser	11/30/2016	
Act Review	Reviewer Note	Janet Houser	03/23/2016	

<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

## Disposition

Disposition Date: 11/30/2016

Implementation Date:

Status: Approved

Comment: In approving this filing, the Company is reminded that pursuant to 14VAC5-200-153 D, it is required to provide updated experience for the next three years for its post-stability block of business comparing the actual results to the results that the Company projected in justifying the rate increase. We would expect this filing to be made no later than October 1, 2018 and to include updated data through July 1, 2018.

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
CMFG Life Insurance Company	173.000%	99.500%	\$1,813,768	1,171	\$1,822,883	99.500%	99.500%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Certification of Compliance	Received & Acknowledged	Yes
Supporting Document (revised)	L&H Actuarial Memorandum	Received & Acknowledged	Yes
Supporting Document (revised)	Long Term Care Insurance Rate Request Summary	Received & Acknowledged	Yes
Supporting Document	Supplemental Information & Attachments	Received & Acknowledged	Yes
Supporting Document	Policyholder Communication	Received & Acknowledged	Yes
Supporting Document	Current Rates	Received & Acknowledged	Yes
Supporting Document (revised)	State Filing Grid	Received & Acknowledged	Yes
Supporting Document	Response to 1/4/2016 Objection with Supporting Documents	Received & Acknowledged	Yes
Supporting Document	Response to 4/11/16 Objections with Supporting Documents	Received & Acknowledged	Yes
Supporting Document	Response to 5/25/16 Objections with Supporting Documents	Received & Acknowledged	Yes
Supporting Document	L&H Actuarial Memorandum	Withdrawn	Yes
Supporting Document	L&H Actuarial Memorandum	Withdrawn	Yes
Supporting Document	Long Term Care Insurance Rate Request Summary	Withdrawn	Yes
Supporting Document	Long Term Care Insurance Rate Request Summary	Withdrawn	Yes
Supporting Document	State Filing Grid	Received & Acknowledged	Yes

<b>SERFF Tracking #:</b>	CUNA-130384266	<b>State Tracking #:</b>	CUNA-130384266	<b>Company Tracking #:</b>	2006-LTC-COMP(VA)
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<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

Schedule	Schedule Item	Schedule Item Status	Public Access
Rate (revised)	2006 LTC New Rates	Approved	Yes
Rate	2006 LTC New Rates	Withdrawn	Yes

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**State:** Virginia **Filing Company:** CMFG Life Insurance Company  
**TOI/Sub-TOI:** LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified  
**Product Name:** 2006 LTC Product  
**Project Name/Number:** 2015 LTC Rate Increase/

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## Objection Letter

Objection Letter Status	Info has been requested from company
Objection Letter Date	11/21/2016
Submitted Date	11/21/2016
Respond By Date	

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Dear Kimberly Steggall,

**Introduction:**

*So that the filing may be approved, please resolve the following items:*

1) Please amend the Long Term Care Rate Request Summary to reflect the increase as 99.5% which is more accurate. The Company may wish to also indicate in its narrative the rate increase is being implemented in a series of 50% followed by 33% and that a policyholder notification letter includes options to reduce the rate increase impact.

2) According to the filing, the policyholder notification letter filed under SERFF tracking # CUNA-128867185 will be used. There is one slight issue that needs to be addressed. The variability for that letter provides for rate increases implemented over three years and is more specific to the increase that was approved under that filing. So that the letter may be used for this and future filings, the previous filing will need to be reopened and a revised statement of variability attached. In order to do this, please send a note to reviewer under the prior filing to be reopened for this reason.

3) Please amend the Actuarial Memorandum to include a statement that policy design, underwriting, and claims adjudication practices have been taken into consideration as set forth in 14VAC5-200-153 B 3 d. Also, it appears that when the memorandum was attached in April, Exhibit D is missing. Please re-attach.

**Conclusion:**

*We shall be glad to reconsider this submission upon receipt of the information noted above. Should you need clarification of any of the information contained in this letter, please contact the undersigned.*

*Thank you for your courtesy and consideration in this matter.*

Sincerely,  
Janet Houser

**State:** Virginia **Filing Company:** CMFG Life Insurance Company  
**TOI/Sub-TOI:** LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified  
**Product Name:** 2006 LTC Product  
**Project Name/Number:** 2015 LTC Rate Increase/

## Objection Letter

Objection Letter Status Info has been requested from company  
Objection Letter Date 05/25/2016  
Submitted Date 05/25/2016  
Respond By Date

Dear Kimberly Steggall,

### **Introduction:**

The submission is *DISAPPROVED* and may not be used in the Commonwealth of Virginia.

Thank you for your recent reply to our request for additional information. Before further consideration may be given, this new information presents the following concerns and /or questions:

1. 14VAC5-200-153.B.3.f requires that the actual and projected costs exceed costs anticipated at the time of initial pricing under moderately adverse experience and that the composite margin is projected to be exhausted. As a result, the original anticipated lifetime loss ratio to be used in the calculation to be disclosed per 14VAC5-200-153.G.2 includes margin. Therefore the calculation should use 78% as the original anticipated lifetime loss ratio. Please revise the Approach 3 calculation that was added to "VA Rate Basis Appendix – 2006 V2".
2. Please describe the basis for the original morbidity assumptions. Please also provide a discussion of the drivers of the change from these original assumptions to those (based on Milliman's 2014 Guidelines) that are the basis of the current projections. For example, if applicable, the discussion would include how the assumed incidence or severity of claims has changed (increased/decreased/changed slope, etc.) particularly for specific benefit types or underwriting categories.
3. Please provide an updated state filing grid.
4. These are ten year rate guarantee policies; and as a result, the rate increases would not take effect until the guarantee has expired some time in the future. Because of the potential time lag between approval and implementation date, when would the company notify the policyholder an increase has been approved and will be implemented in the future - upon approval of the increase or just 75 days in advance of its implementation date?

### **Conclusion:**

We shall be glad to reconsider this submission upon receipt of the information noted above. Should you need clarification of any of the information contained in this letter, please contact the undersigned.

Thank you for your courtesy and consideration in this matter.

Sincerely,  
Janet Houser



**State:** Virginia **Filing Company:** CMFG Life Insurance Company  
**TOI/Sub-TOI:** LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified  
**Product Name:** 2006 LTC Product  
**Project Name/Number:** 2015 LTC Rate Increase/

## Objection Letter

Objection Letter Status Info has been requested from company  
Objection Letter Date 04/11/2016  
Submitted Date 04/11/2016  
Respond By Date

Dear Kimberly Steggall,

### Introduction:

The submission is DISAPPROVED and may not be used in the Commonwealth of Virginia.

Thank you for your recent reply to our request for additional information. Before further consideration may be given, this new information presents the following concerns and /or questions:

### Objection 1

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please provide assurances that the assumptions used in the projections are no more conservative (i.e. do not produce a higher loss ratio) than used in the companys prior years asset adequacy testing.

### Objection 2

- L&H Actuarial Memorandum (Supporting Document)

Comments: 14VAC5-200-185.D requires the provision of a contingent benefit upon lapse for policies with issue ages 55+ if the requested rate increase is approved. Please provide the assumptions with respect to the election of contingent benefit upon lapse in the projections with rate increase included in the exhibits.

### Objection 3

- L&H Actuarial Memorandum (Supporting Document)

Comments: The Memorandum, item #25 indicates that for policies with rate guarantees, the rate increase will be applicable when the rate guarantee expires. The State Filing Grid also notes the existence of a 10-year rate guarantee on policies issued in Virginia.

a. Please provide more specifics as to what portion of policies will be subject to rate increase in each calendar year, and if the 2-year delay of the subsequent (33%) increase also is intended to apply to these policies.

b. Please clarify the assumptions made in the projections for the timing of premium guarantee expirations.

### Objection 4

- L&H Actuarial Memorandum (Supporting Document)

Comments: Exhibit 1 and Exhibit 2 both include a section on the far right listed as original assumptions. The Incurred claims listed in both exhibits are different. This produces Exhibit 1 which shows historical A/E on a discounted basis at about 125%, to differ from Exhibit 2 which shows an A/E of about 115%. Please explain.

### Objection 5

- L&H Actuarial Memorandum (Supporting Document)

Comments: Exhibit 2 shows the stepwise impact of moving from initial to current assumptions. The filing also indicates that the main reason for the rate increase is the unrealized persistency assumptions, and morbidity has little impact. The analysis (and your response to item #5) indicates that lapse experience has not deviated from expected. Expectations of future mortality and morbidity experience appear to be the key drivers of the requested increase. The Milliman A/E study showed actual morbidity experience for this block of policies was greater than benchmark, but still used 100% of the benchmark citing low credibility. In Exhibit 2, future projected claims, however, are projected to be about 73% greater than original assumptions due solely to the morbidity assumption change, which is much greater than the A/E. Please provide additional explanation of the change in the expected morbidity assumptions.

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**Project Name/Number:** 2015 LTC Rate Increase/

**Objection 6**

- L&H Actuarial Memorandum (Supporting Document)

Comments: The Actuarial Certification states that no provision for moderately adverse experience was included in the calculations, except for a 10% explicit load on the future claims:

a. The Supplemental Information on Key Assumptions, page 2, Claim Reserve Review, indicates that 57% (\$32.4 million of \$57.0 million) of the incurred claims reported is the claims reserve, and cites the claim reserve retro test as support for the best estimate basis of the reserve. This test, however, indicates consistent sufficiencies ranging from 9% to 35% of the starting reported reserve, with the average sufficiency noted as 17%. This would appear to indicate that the claim reserves contain margin and are overstating the incurred claims in the historical analysis, as well as possibly inflating the projection of future claims. Please address this concern with respect to the determination of the best estimate claim experience.

**Objection 7**

- L&H Actuarial Memorandum (Supporting Document)

Comments: In regards to the maximum allowable rate increase calculation:

a. Appendix A does not appear to disclose the greater of original pricing loss ratio and 58%. Exhibit 1 & 4 show the original pricing loss ratio as approximately 68%. Per your response to the 1/4/16 objections, item #8, you indicate that the original loss ratio, including a 10% margin would be 78%. Please provide the anticipated lifetime loss ratio as defined by 14VAC5-200-153.G.2.

b. Please advise how many policyholders will be eligible for the contingent benefit upon lapse. If the majority are eligible, please provide a plan in accordance with 14VAC5-200-153.G.1.

**Objection 8**

Comments: Please provide the Lifetime loss ratio assuming that the proposed ultimate increased rates were in place since policy issue.

**Objection 9**

- L&H Actuarial Memorandum (Supporting Document)

Comments: Actuarial Memorandum Item 28, the last paragraph of the Actuarial Certification, indicates that if the premium rate schedule increases are implemented and the underlying assumptions, which reflect moderately adverse conditions are realized, no further premium rate schedule increases are anticipated. Appendix A, item #22 indicates that the projected Nationwide Lifetime Loss ratio with increases is 101%.

Please confirm that if the requested rate increases are implemented, the Company will not request further rate increases that would decrease the lifetime loss ratio to less than 101%.

**Objection 10**

- L&H Actuarial Memorandum (Supporting Document)

Comments: Your response to our previous objection 4 has not resolved our concern regarding Section 19 of the Actuarial Memorandum. Please confirm the experience and projections used for the post stability block of business does not include any premium or experience for the pre-stability block in the nationwide exhibits. If that is not the case, please revise all exhibits accordingly.

**Conclusion:**

We shall be glad to reconsider this submission upon receipt of the information noted above. Should you need clarification of any of the information contained in this letter, please contact the undersigned.

Thank you for your courtesy and consideration in this matter.

Sincerely,

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**State:** Virginia **Filing Company:** CMFG Life Insurance Company  
**TOI/Sub-TOI:** LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified  
**Product Name:** 2006 LTC Product  
**Project Name/Number:** 2015 LTC Rate Increase/

Janet Houser

**State:** Virginia **Filing Company:** CMFG Life Insurance Company  
**TOI/Sub-TOI:** LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified  
**Product Name:** 2006 LTC Product  
**Project Name/Number:** 2015 LTC Rate Increase/

## Objection Letter

Objection Letter Status Disapproved  
Objection Letter Date 01/04/2016  
Submitted Date 01/04/2016  
Respond By Date

Dear Kimberly Steggall,

### Introduction:

The submission is *DISAPPROVED* and may not be used in the Commonwealth of Virginia.

A preliminary review of the submitted filing indicates the following concerns and questions. We'll continue our review of the submitted filing upon receipt of the following information:

- Please include the Overall % Indicated Change on the Rate/Rule Schedule based upon 14VAC5-200-153 C 2. The maximum valuation interest rate for contract reserves should be based upon 14VAC5-200-153 C4.
- The Overall % Rate Impact and the Percent Rate Change Request should be amended to 99.5% rather than 100% ( $1.5 \times 1.33 = 1.995$ ). Please amend the Actuarial Memorandum accordingly.
- Please amend the Rate Schedules to include the corresponding Affected Form Number with the appropriate rates. For example, the form number for Non-forfeiture Rider rates on page 2 should include 2006-LTCR-NFB(VA) underneath the name of the rider.
- According to the Actuarial Memorandum, these policies were sold from 2006 to 2010 and would be subject to the post stability regulations as set forth in 14VAC5-200-153. It is unclear why Section 19 of the Actuarial Memorandum indicates an approach for policies sold prior to the rate stabilization date if there were none.
- Please include an actual to expected analysis based on the original assumptions.
- Please provide a copy of the original loss ratio demonstration that was filed when this policy form was first approved.
- Please provide a projection of anticipated future experience using the actual inforce policies on the projection date, but using the original premium scale and the original pricing assumptions for lapse, mortality and morbidity to project both future premiums and claims.
- Please explain what margins are included in the proposed rates to ensure that future rate increases will not be needed presuming the experience develops as - projected including a demonstration that actual and projected costs exceed costs anticipated at the time of initial pricing under moderately adverse experience and that the composite margin is projected to be exhausted.
- Please provide a loss ratio projection reflecting the actual historical experience during the historical experience period and then, utilizing the actual inforce as of the projection date, projecting forward the expected earned premiums and incurred claims using the original pricing assumptions for interest, mortality, morbidity and persistency into the future and assuming the future premiums are paid based on the original premium scale with no increases.
- We note the projected incurred claims with the rate increase are slightly higher than the projected incurred claims without the rate increase. Do you include waived premiums in both premiums and claims in the projections and thus the explanation of the difference? If so, are waived premiums similarly included in both earned premiums and incurred claims in the historical experience?

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**State:** Virginia **Filing Company:** CMFG Life Insurance Company  
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**Conclusion:**

We shall be glad to reconsider this submission upon receipt of the information noted above. Should you need clarification of any of the information contained in this letter, please contact the undersigned.

Thank you for your courtesy and consideration in this matter.

Sincerely,  
Janet Houser

State:	Virginia	Filing Company:	CMFG Life Insurance Company
TOI/Sub-TOI:	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
Product Name:	2006 LTC Product		
Project Name/Number:	2015 LTC Rate Increase/		

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	11/23/2016
Submitted Date	11/23/2016

Dear Janet Houser,

### Introduction:

Thank you for the opportunity to respond to this objection.

### Response 1

#### Comments:

1. The attached Long Term Care Rate Request Summary has been revised to reflect the total increase of 99.5% which has been requested to be implemented as 50% initially followed by 33% applied two years later.

The Company has also indicated the implementation request and referenced the options described in the policyholder notice to reduce the premium rate increase impact.

2. We acknowledge the need to revise the Statement of Variability for the policyholder notification letter filed under SERFF Tracking #CUNA-128867185. We have requested the filing be reopened via a Note to the Reviewer. As soon as the filing is reopened, we will amend the filing with the revised Statement of Variability to accommodate the specifics of the increase that will be approved under this filing.

3. The Company has attached a revised actuarial memorandum to this response. The file labeled Act Memo 2006 Series VA Basis revised contains the requested statement, as set forth in 14VAC5-200-153 B 3 d., in section 21 of the document. All appendices, including Appendix D, are attached to the actuarial memorandum.

### Changed Items:

<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	L&H Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	Act Memo - 2006 Series - VA Basis revised.pdf VA Rate Basis Appendix - 2006.xlsx
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>L&amp;H Actuarial Memorandum</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Act Memo - 2006 Series - VA Basis.pdf VA Rate Basis Appendix - 2006.pdf VA Rate Basis Appendix - 2006.xlsx</i>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>L&amp;H Actuarial Memorandum</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Act Memo - 2006 Series - VA.pdf VA Rate Basis Appendix - 2006.pdf VA Rate Basis Appendix B Alternate - 2006 - Ultimate Lapse plus 1%.pdf</i>

<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	L&H Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	Act Memo - 2006 Series - VA Basis revised.pdf VA Rate Basis Appendix - 2006.xlsx
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>L&amp;H Actuarial Memorandum</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Act Memo - 2006 Series - VA Basis.pdf VA Rate Basis Appendix - 2006.pdf VA Rate Basis Appendix - 2006.xlsx</i>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>L&amp;H Actuarial Memorandum</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Act Memo - 2006 Series - VA.pdf VA Rate Basis Appendix - 2006.pdf VA Rate Basis Appendix B Alternate - 2006 - Ultimate Lapse plus 1%.pdf</i>

<b>Satisfied - Item:</b>	Long Term Care Insurance Rate Request Summary
<b>Comments:</b>	
<b>Attachment(s):</b>	VA Rate Request Summary 2006 Rev.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Long Term Care Insurance Rate Request Summary</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>VA Rate Request Summary 2006.pdf</i>

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Conclusion:**

Thank you for your continued attention to this submission.

Sincerely,

Kimberly Steggall



<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
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<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	06/10/2016
Submitted Date	06/10/2016

Dear Janet Houser,

### Introduction:

Thank you for the opportunity to respond to this objection.

### Response 1

#### Comments:

Due to the size of our response to your objection points, we are attaching to the Supporting Documentation tab a response document and supporting attachments for your review.

### Changed Items:

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	State Filing Grid
<b>Comments:</b>	
<b>Attachment(s):</b>	VA 2006 State Filing Grid 6.6.16.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	State Filing Grid
<b>Comments:</b>	
<b>Attachment(s):</b>	VA 2006 State Filing Grid 12.30.15.pdf

<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	State Filing Grid
<b>Comments:</b>	
<b>Attachment(s):</b>	VA 2006 State Filing Grid 6.6.16.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>State Filing Grid</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>VA 2006 State Filing Grid 12.30.15.pdf</i>
<b>Satisfied - Item:</b>	Response to 5/25/16 Objections with Supporting Documents
<b>Comments:</b>	
<b>Attachment(s):</b>	Virginia 2006 Response.pdf VA Rate Basis Appendix - 2006 V3.xlsx

*No Form Schedule items changed.*

*No Rate/Rule Schedule items changed.*

**Conclusion:**

*Thank you for your continued attention to this submission.*

*Sincerely,*

*Kimberly Steggall*

<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	05/09/2016
Submitted Date	05/09/2016

Dear Janet Houser,

### Introduction:

Thank you for the opportunity to respond to this objection.

### Response 1

#### Comments:

Due to the size of our response to your objection points, we are attaching to the Supporting Documentation tab a response document and supporting attachments for your review.

### Related Objection 1

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please provide assurances that the assumptions used in the projections are no more conservative (i.e. do not produce a higher loss ratio) than used in the companys prior years asset adequacy testing.

### Changed Items:

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	Response to 4/11/16 Objections with Supporting Documents
<b>Comments:</b>	
<b>Attachment(s):</b>	VA 2006 Responses 041116 FINAL.pdf VA Rate Basis Appendix - 2006 V2.xlsx Standard Operating Procedures Overview_LTC Administration V2.pdf LTC Claim Overview_CMFG_CHCS.pdf Appendix B - Rate Increase Since Inception - 2006.xlsx

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Response 2

#### Comments:

<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

Due to the size of our response to your objection points, we are attaching to the Supporting Documentation tab a response document and supporting attachments for your review.

### **Related Objection 2**

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: 14VAC5-200-185.D requires the provision of a contingent benefit upon lapse for policies with issue ages 55+ if the requested rate increase is approved. Please provide the assumptions with respect to the election of contingent benefit upon lapse in the projections with rate increase included in the exhibits.

### **Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### **Response 3**

#### **Comments:**

Due to the size of our response to your objection points, we are attaching to the Supporting Documentation tab a response document and supporting attachments for your review.

### **Related Objection 3**

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: The Memorandum, item #25 indicates that for policies with rate guarantees, the rate increase will be applicable when the rate guarantee expires. The State Filing Grid also notes the existence of a 10-year rate guarantee on policies issued in Virginia.

a.Please provide more specifics as to what portion of policies will be subject to rate increase in each calendar year, and if the 2-year delay of the subsequent (33%) increase also is intended to apply to these policies.

b.Please clarify the assumptions made in the projections for the timing of premium guarantee expirations.

### **Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

#### **Response 4**

##### **Comments:**

Due to the size of our response to your objection points, we are attaching to the Supporting Documentation tab a response document and supporting attachments for your review.

#### **Related Objection 4**

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: Exhibit 1 and Exhibit 2 both include a section on the far right listed as original assumptions. The Incurred claims listed in both exhibits are different. This produces Exhibit 1 which shows historical A/E on a discounted basis at about 125%, to differ from Exhibit 2 which shows an A/E of about 115%. Please explain.

##### **Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

#### **Response 5**

##### **Comments:**

Due to the size of our response to your objection points, we are attaching to the Supporting Documentation tab a response document and supporting attachments for your review.

#### **Related Objection 5**

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: Exhibit 2 shows the stepwise impact of moving from initial to current assumptions. The filing also indicates that the main reason for the rate increase is the unrealized persistency assumptions, and morbidity has little impact. The analysis (and your response to item #5) indicates that lapse experience has not deviated from expected. Expectations of future mortality and morbidity experience appear to be the key drivers of the requested increase. The Milliman A/E study showed actual morbidity experience for this block of policies was greater than benchmark, but still used 100% of the benchmark citing low credibility. In Exhibit 2, future projected claims, however, are projected to be about 73% greater than original assumptions due solely to the morbidity assumption change, which is much greater than the A/E. Please provide additional explanation of the change in the expected morbidity assumptions.

##### **Changed Items:**

No Supporting Documents changed.

<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

## Response 6

### Comments:

Due to the size of our response to your objection points, we are attaching to the Supporting Documentation tab a response document and supporting attachments for your review.

## Related Objection 6

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: The Actuarial Certification states that no provision for moderately adverse experience was included in the calculations, except for a 10% explicit load on the future claims:

a. The Supplemental Information on Key Assumptions, page 2, Claim Reserve Review, indicates that 57% (\$32.4 million of \$57.0 million) of the incurred claims reported is the claims reserve, and cites the claim reserve retro test as support for the best estimate basis of the reserve. This test, however, indicates consistent sufficiencies ranging from 9% to 35% of the starting reported reserve, with the average sufficiency noted as 17%. This would appear to indicate that the claim reserves contain margin and are overstating the incurred claims in the historical analysis, as well as possibly inflating the projection of future claims. Please address this concern with respect to the determination of the best estimate claim experience.

### Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

## Response 7

### Comments:

Due to the size of our response to your objection points, we are attaching to the Supporting Documentation tab a response document and supporting attachments for your review.

## Related Objection 7

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

*Comments: In regards to the maximum allowable rate increase calculation:*

*a. Appendix A does not appear to disclose the greater of original pricing loss ratio and 58%. Exhibit 1 & 4 show the original pricing loss ratio as approximately 68%. Per your response to the 1/4/16 objections, item #8, you indicate that the original loss ratio, including a 10% margin would be 78%. Please provide the anticipated lifetime loss ratio as defined by 14VAC5-200-153.G.2.*

*b. Please advise how many policyholders will be eligible for the contingent benefit upon lapse. If the majority are eligible, please provide a plan in accordance with 14VAC5-200-153.G.1.*

**Changed Items:**

*No Supporting Documents changed.*

*No Form Schedule items changed.*

*No Rate/Rule Schedule items changed.*

**Response 8**

**Comments:**

*Due to the size of our response to your objection points, we are attaching to the Supporting Documentation tab a response document and supporting attachments for your review.*

**Related Objection 8**

*Comments: Please provide the Lifetime loss ratio assuming that the proposed ultimate increased rates were in place since policy issue.*

**Changed Items:**

*No Supporting Documents changed.*

*No Form Schedule items changed.*

*No Rate/Rule Schedule items changed.*

**Response 9**

**Comments:**

*Due to the size of our response to your objection points, we are attaching to the Supporting Documentation tab a response document and supporting attachments for your review.*

**Related Objection 9**

<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

*Applies To:*

*- L&H Actuarial Memorandum (Supporting Document)*

*Comments: Actuarial Memorandum Item 28, the last paragraph of the Actuarial Certification, indicates that if the premium rate schedule increases are implemented and the underlying assumptions, which reflect moderately adverse conditions are realized, no further premium rate schedule increases are anticipated. Appendix A, item #22 indicates that the projected Nationwide Lifetime Loss ratio with increases is 101%.*

*Please confirm that if the requested rate increases are implemented, the Company will not request further rate increases that would decrease the lifetime loss ratio to less than 101%.*

**Changed Items:**

*No Supporting Documents changed.*

*No Form Schedule items changed.*

*No Rate/Rule Schedule items changed.*

**Response 10**

**Comments:**

*Due to the size of our response to your objection points, we are attaching to the Supporting Documentation tab a response document and supporting attachments for your review.*

**Related Objection 10**

*Applies To:*

*- L&H Actuarial Memorandum (Supporting Document)*

*Comments: Your response to our previous objection 4 has not resolved our concern regarding Section 19 of the Actuarial Memorandum. Please confirm the experience and projections used for the post stability block of business does not include any premium or experience for the pre-stability block in the nationwide exhibits. If that is not the case, please revise all exhibits accordingly.*

**Changed Items:**

*No Supporting Documents changed.*

*No Form Schedule items changed.*

*No Rate/Rule Schedule items changed.*

**Conclusion:**

*Thank you for your continued attention to this submission.*



<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

Sincerely,  
Kimberly Steggall

State:	Virginia	Filing Company:	CMFG Life Insurance Company
TOI/Sub-TOI:	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
Product Name:	2006 LTC Product		
Project Name/Number:	2015 LTC Rate Increase/		

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	03/22/2016
Submitted Date	03/22/2016

Dear Janet Houser,

### Introduction:

Thank you for the opportunity to respond to this objection.

### Response 1

#### Comments:

Due to the size of our response to your objection points, we are attaching to the Supporting Documentation tab a response document and supporting attachments for your review.

### Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response to 1/4/2016 Objection with Supporting Documents
Comments:	
Attachment(s):	Virginia 2006 Response 3.22.16 FINAL.pdf Exhibit 1 - A to E Comparisons - VA 2006.xlsx Exhibit 2 - VA 2006 - expanded.xlsx Assumptions Details Descriptions 123114.pdf Mortality Analysis Details (Dec 2014).pdf Total Persistency Comparisons (App D) (Dec 2014).pdf Lapse Analysis Details (Dec 2014).pdf Morbidity Analysis Details (Dec 2014).pdf Exhibit 3 - Original Pricing LR - 2006.xlsx MAE Sensitivity - 2006.xlsx Exhibit 4 - VA 2006 Loss Ratio A2E.xlsx

<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	Response to 1/4/2016 Objection with Supporting Documents
<b>Comments:</b>	
<b>Attachment(s):</b>	Virginia 2006 Response 3.22.16 FINAL.pdf Exhibit 1 - A to E Comparisons - VA 2006.xlsx Exhibit 2 - VA 2006 - expanded.xlsx Assumptions Details Descriptions 123114.pdf Mortality Analysis Details (Dec 2014).pdf Total Persistency Comparisons (App D) (Dec 2014).pdf Lapse Analysis Details (Dec 2014).pdf Morbidity Analysis Details (Dec 2014).pdf Exhibit 3 - Original Pricing LR - 2006.xlsx MAE Sensitivity - 2006.xlsx Exhibit 4 - VA 2006 Loss Ratio A2E.xlsx
<b>Satisfied - Item:</b>	L&H Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	Act Memo - 2006 Series - VA Basis.pdf VA Rate Basis Appendix - 2006.pdf VA Rate Basis Appendix - 2006.xlsx
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>L&amp;H Actuarial Memorandum</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Act Memo - 2006 Series - VA.pdf</i> <i>VA Rate Basis Appendix - 2006.pdf</i> <i>VA Rate Basis Appendix B Alternate - 2006 - Ultimate Lapse plus 1%.pdf</i>

No Form Schedule items changed.

SERFF Tracking #:

CUNA-130384266

State Tracking #:

CUNA-130384266

Company Tracking #:

2006-LTC-COMP(VA)

State: Virginia

Filing Company:

CMFG Life Insurance Company

TOI/Sub-TOI: LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified

Product Name: 2006 LTC Product

Project Name/Number: 2015 LTC Rate Increase/

## Rate/Rule Schedule Item Changes

Item No.	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments	Date Submitted
1	2006 LTC New Rates	2006-LTC-COMP(VA), 2006-LTCR-HC10EP, 2006-LTCR-CIP5L, 2006-LTCR-CIP3L, 2006-LTCR-SIP5L, 2006-LTCR-SEE(VA), 2006-LTCR-ROP(VA), 2006-LTCR- ROP75(VA), 2006- LTCR-NFB(VA), 2006- LTCR-SPWPD(VA), 2006-LTCR-LAH, 2002-LTCR-RMB	Revised	Previous State Filing Number:  Percent Rate Change Request: 99.5	VA LTC 2006 New Rates 50 - set 1 of 2.pdf, VA LTC 2006 New Rates 50 x 33 - set 2 of 2.pdf,	03/22/2016 By: Kimberly Steggall
<i>Previous Version</i>						
1	2006 LTC New Rates	2006-LTC-COMP(VA), 2006-LTCR-HC10EP, 2006-LTCR-CIP5L, 2006-LTCR-CIP3L, 2006-LTCR-SIP5L, 2006-LTCR-SEE(VA), 2006-LTCR-ROP(VA), 2006-LTCR- ROP75(VA), 2006- LTCR-NFB(VA), 2006- LTCR-SPWPD(VA), 2006-LTCR-LAH	Revised	Previous State Filing Number:  Percent Rate Change Request: 100	VA LTC 2006 New Rates 50 - set 1 of 2.pdf, VA LTC 2006 New Rates 50x33 - set 2 of 2.pdf,	12/30/2015 By: Kimberly Steggall

**Conclusion:**

Thank you for your continued attention to this submission.

Sincerely,

Kimberly Steggall

State:	Virginia	Filing Company:	CMFG Life Insurance Company
TOI/Sub-TOI:	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
Product Name:	2006 LTC Product		
Project Name/Number:	2015 LTC Rate Increase/		

## Amendment Letter

Submitted Date: 11/30/2016

Comments:  
This amendment is being submitted so we may attach a revised LTC Rate Request Summary to correct the average annual premium after the rate increase.

Thank you for your continued attention to this submission.

Sincerely,  
Kimberly Steggall  
Changed Items:  
*No Form Schedule Items Changed.*

*No Rate Schedule Items Changed.*

Supporting Document Schedule Item Changes	
Satisfied - Item:	Long Term Care Insurance Rate Request Summary
Comments:	
Attachment(s):	VA Rate Request Summary 2006 Rev.pdf
Previous Version	
Satisfied - Item:	Long Term Care Insurance Rate Request Summary
Comments:	
Attachment(s):	VA Rate Request Summary 2006 Rev.pdf
Previous Version	
Satisfied - Item:	Long Term Care Insurance Rate Request Summary
Comments:	
Attachment(s):	VA Rate Request Summary 2006.pdf

**State:** Virginia **Filing Company:** CMFG Life Insurance Company  
**TOI/Sub-TOI:** LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified  
**Product Name:** 2006 LTC Product  
**Project Name/Number:** 2015 LTC Rate Increase/

## Note To Filer

**Created By:**

Janet Houser on 11/30/2016 07:25 AM

**Last Edited By:**

Janet Houser

## Submitted On:

11/30/2016 07:25 AM

**Subject:**

## LTC Rate Request Summary

**Comments:**

Please update the revised rate to reflect the premium after the rate increase. Based on Appendix A, it should be \$3,106.

Thanks.

Janet

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<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

## Note To Filer

**Created By:**

Janet Houser on 10/07/2016 02:29 PM

**Last Edited By:**

Janet Houser

**Submitted On:**

10/07/2016 02:29 PM

**Subject:**

Status Update

**Comments:**

The filings remain under review. I hope to have an update within the next two weeks.

---

**State:** Virginia **Filing Company:** CMFG Life Insurance Company  
**TOI/Sub-TOI:** LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified  
**Product Name:** 2006 LTC Product  
**Project Name/Number:** 2015 LTC Rate Increase/

## Note To Reviewer

**Created By:**

Kimberly Steggall on 10/03/2016 12:09 PM

**Last Edited By:**

Kimberly Steggall

**Submitted On:**

10/03/2016 12:09 PM

**Subject:**

Request for Filing Status

**Comments:**

Could you provide us with the status of the above referenced filing?

Thank you for your continued attention to this submission.

Sincerely,  
Kimberly Steggall



**State:** Virginia **Filing Company:** CMFG Life Insurance Company  
**TOI/Sub-TOI:** LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified  
**Product Name:** 2006 LTC Product  
**Project Name/Number:** 2015 LTC Rate Increase/

## Reviewer Note

**Created By:**

Janet Houser on 11/30/2016 07:18 AM

**Last Edited By:**

Janet Houser

## Submitted On:

11/30/2016 08:21 AM

**Subject:**

RRS

**Comments:**

rate summaries

## **Long Term Care Insurance Rate Request Summary Part 2 –To Be Completed By Bureau of Insurance**

**Company Name and NAIC Number:** CMFG Life Insurance Company 62626

**SERFF Tracking Number:** CUNA-130384266

**Disposition:** Approve

**Approval Date:** 11/30/2016

### **Revised Rates**

**Average Annual Premium Per Member:** \$3, 106

**Average Requested Percentage Rate Change Per Member:** 99.5%

**Minimum Requested Percentage Rate Change Per Member:** 99.5%

**Maximum Requested Percentage Rate Change Per Member:** 99.5%

**Number of Policy Holders Affected:** 1171

### **Summary of the Bureau of Insurance's review of the rate request:**

CMFG Life Insurance Company (the Company) requested a rate increase of 99.5% with an initial 50% rate increase followed by an additional 33% increase two years later. This is an individual, closed block of business issued from 2008 through 2011 and is subject to the requirements of 14VAC5-200-153. There has been no prior rate increases approved on this block.

The Company stated that higher policy persistency experience and less favorable morbidity projections than expected are the primary drivers of the rate increase. The result of more policyholders keeping their policies and being on claim than originally projected is expected to result in more total claims than was originally expected. Thus, premiums need to be increased to ensure sufficient funds to pay out all claims over the lifetime of the contracts issued.

The regulations require that actual and projected costs exceed costs anticipated at the time of initial pricing under moderately adverse experience and that the composite margin is projected to be exhausted. The results of the 58/85 Loss Ratio Test were reviewed and the lifetime incurred claims exceed the lifetime earned premiums times the prescribed factors, thereby meeting the requirements of the test.

The Bureau's review, using actuarially accepted and justified assumptions, indicated the proposed rate increase meets the requirements set forth in Virginia law and regulation. Since the filing met the requirements of 14VAC5-200-153 after implementation of the rate increase, approval was recommended.

Policyholders have several available options to reduce or eliminate the premium increase by reducing coverage. Policyholders can lower daily benefits, decrease the benefit period, increase the elimination period, terminate riders or take a paid-up policy.

The filing can be reviewed on the Bureau's webpage under the [Rate/Policy Form Search](http://www.scc.virginia.gov/boi/SERFFInquiry/default.aspx) at:  
<http://www.scc.virginia.gov/boi/SERFFInquiry/default.aspx>

***This document is intended to help explain the rate filing and it is only a summary of the company's request. It is not intended to describe or include all factors or information considered in the review process. For more detailed information, please refer to the complete filing.***

This document is intended to explain the decision made by the Bureau of Insurance and it is only a summary of the Bureau's review. It is not intended to describe or include all factors or information considered in the review process. For more detailed information, please refer to the complete filing.

Long Term Care Insurance Rate Request Summary  
Part 1 – To Be Completed By Company

Reset Form

Company Name and NAIC Number:	CMFG Life Insurance Company 62626
SERFF Tracking Number:	CUNA-130384266
Effective Date:	Upon Approval

Revised Rates

Average Annual Premium Per Member:	\$3106
Average Requested Percentage Rate Change Per Member:	99.5%
Minimum Requested Percentage Rate Change Per Member:	99.5%
Maximum Requested Percentage Rate Change Per Member:	99.5%
Number of Policy Holders Affected :	1171

Plans Affected

(The Form Number and “Product Name”)

Form#	“Product Name”(if applicable)
2006-LTC-COMP(VA) 2006-LTCR-HC10EP 2006-LTCR-CIP5L 2006-LTCR-CIP3L 2006-LTCR-SIP5L 2006-LTCR-SEE(VA) 2006-LTCR-ROP(VA) 2006-LTCR-ROP75(VA) 2006-LTCR-NFB(VA) 2006-LTCR-SPWPD(VA) 2006-LTCR-LAH	Long Term Care Insurance Policy Home and Community Care 10-Day Elimination Period Rider Inflation Protection Rider - 5% Compound Lifetime Inflation Protection Rider - 3% Compound Lifetime Inflation Protection Rider - 5% Simple Lifetime Shared Extended Expense Rider Return of Premium at Death Rider Return of Premium at Death Prior to Age 75 Rider Nonforfeiture Benefit Rider Spouse or Partner Waiver of Premium at Death Rider Living at Home Rider

Attach a brief narrative to summarize the key information used to develop the rates including the main drivers for the revised rates.

***This document is intended to help explain the rate filing and it is only a summary of the company’s request. It is not intended to describe or include all factors or information considered in the review process. For more detailed information, please refer to the complete filing.***

**CMFG Life Insurance Company      62626**

**SERFF Tracking #CUNA-130384266  
2006 Product**

**Health Insurance Rate Request Summary Attachment**

**Brief Narrative**

**CMFG Life is seeking premium rate increases on its Long Term Care Insurance (LTC) products because current estimates of lifetime “loss ratios” (i.e., benefits paid to our policyholders, divided by premiums received from those policyholders) are in far in excess of those assumed when our products were priced. The primary drivers of the higher-than-expected loss ratios are higher policy persistency experience and less favorable morbidity projections than expected in original pricing. As a result, the Company will ultimately pay out much more in total claims than was originally expected.**

**The Company is requesting a cumulative premium rate increase of 99.5%; an initial 50% rate increase followed by an additional 33% increase two years later. The Company offers each impacted policyholder various options, as described in the policyholder notification letter, to keep premiums at an affordable level and reduce the rate increase impact.**

**State:** Virginia **Filing Company:** CMFG Life Insurance Company  
**TOI/Sub-TOI:** LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified  
**Product Name:** 2006 LTC Product  
**Project Name/Number:** 2015 LTC Rate Increase/

## Reviewer Note

**Created By:**

Janet Houser on 03/23/2016 06:37 AM

**Last Edited By:**

Janet Houser

## Submitted On:

11/30/2016 08:21 AM

**Subject:**

## Act Review

**Comments:**

3.23.16 - sent to The Hay Group; due date 4.6.16

4.6.16 - add'l info needed

5.11.16 - add'l info rec'd; due date 5.25.16

5.25.16 - add'l info needed

6.13.16 - add'l info rec'd; due date 6.27.16

6.30.16 - recommend approval

#### 10.6.16 - final report

## State of Virginia

### CUNA Long Term Care Rate Increase Filing

CUNA-130384266

**“2006 Product” –rate stability request for 2-phase 50%/33% rate increase (total 99.5%, second portion 2 years after first)**

#### **Request for Additional Information**

Important Information: Virginia has adopted revisions to the rate increase filing requirements for rate stability LTC products effective September 1, 2015. In particular, derivation for the maximum increase reflects the greater of the original loss ratio and 58%. It also allows for a schedule of rate increases to be approved, and for these to be less than necessary under rate stabilization if determined to be in the best interest of policyholders.

This is the first rate increase filing on this policy due to the 10-year premium rate guarantee. All page references are to the supporting documents from the SERFF filing unless otherwise indicated.

The Original loss ratio is without margin is shown to be between 66% and 70% (depending on presentation) and reflects a weighted average valuation interest rate of 4.0% and actual distribution. Note that current projected lifetime loss ratio without rate increase for Virginia only experience (Appendix C) is at 158% vs. 152% on a National Basis. The increase is presented as reducing the lifetime loss ratio to 101%. Policies are on average in duration 7, with average attained age 66.3. Due to the requested cumulative rate increase resulting in a 99.5% increase (vs. 100%), a small subset of policyholders (issue age 54 and under) would not be required to receive an offer on Contingent Benefit on lapse, per 14VAC5-200-185.D.

Per the State Filing Grid, many (17) states are also reviewing the first rate increase filing for this form. The weighted average rate increase implemented on policies nationwide, for states that have had increases is 48%, with the maximum increase equal to that requested of 99.5% phased in two steps, and the minimum being 10%. Four states where increases have been implemented did not include the 10-year rate guarantee: FL, GA, TN and WI.

(04-05-2016 Questions) We have follow-up questions on initial materials provided by the State which include the company's response 3/22/16 to the preliminary objections sent 1/4/16:

### **Suggested Questions**

#### **A. Assumptions**

1. (04-05-2016) Please provide assurances that the assumptions used in the projections are no more conservative (i.e. do not produce a higher loss ratio) than used in the company's prior year's asset adequacy testing.
2. (04-05-2016) 14VAC5-200-185.D requires the provision of a contingent benefit upon lapse for policies with issue ages 55+ if the requested rate increase is approved. Please provide the assumptions with respect to the election of contingent benefit upon lapse in the projections “with rate increase” included in the exhibits.

CUNA-130384266

3. The Memorandum, item #25 indicates that for policies with rate guarantees, the rate increase will be applicable when the rate guarantee expires. The State Filing Grid also notes the existence of a 10-year rate guarantee on policies issued in Virginia.
  - a. Please provide more specifics as to what portion of policies will be subject to rate increase in each calendar year, and if the 2-year delay of the subsequent (33%) increase also is intended to apply to these policies.
  - b. Please clarify the assumptions made in the projections for the timing of premium guarantee expirations.
4. (04-05-2016) Exhibit 1 and Exhibit 2 both include a section on the far right listed as original assumptions. The Incurred claims listed in both exhibits are different. This produces Exhibit 1 which shows historical A/E on a discounted basis at about 125%, to differ from Exhibit 2 which shows an A/E of about 115%. Please explain.
5. (04-05-2016) Exhibit 2 shows the stepwise impact of moving from initial to current assumptions. The filing also indicates that the main reason for the rate increase is the unrealized persistency assumptions, and morbidity has little impact. The analysis (and your response to item #5) indicates that lapse experience has not deviated from expected. Expectations of future mortality and morbidity experience appear to be the key drivers of the requested increase. The Milliman A/E study showed actual morbidity experience for this block of policies was greater than “benchmark”, but still used 100% of the benchmark citing low credibility. In Exhibit 2, future projected claims, however, are projected to be about 73% greater than original assumptions due solely to the morbidity assumption change, which is much greater than the A/E. Please provide additional explanation of the change in the expected morbidity assumptions.
6. (04-05-2016) The Actuarial Certification states that no provision for moderately adverse experience was included in the calculations, except for a 10% explicit load on the future claims:
  - a. The Supplemental Information on Key Assumptions, page 2, Claim Reserve Review, indicates that 57% (\$32.4 million of \$57.0 million) of the incurred claims reported is the claims reserve, and cites the claim reserve retro test as support for the best estimate basis of the reserve. This test, however, indicates consistent sufficiencies ranging from 9% to 35% of the starting reported reserve, with the average sufficiency noted as 17%. This would appear to indicate that the claim reserves contain margin and are overstating the incurred claims in the historical analysis, as well as possibly inflating the projection of future claims. Please address this concern with respect to the determination of the best estimate claim experience.



## **B. Follow-up to Prior Response**

1. Maximum allowable rate increase calculation:
  - a. (04-05-2016 Question) - Appendix A does not appear to disclose the “greater of original pricing loss ratio and 58%” – Exhibit 1 & 4 show the original pricing loss ratio as approximately 68%. Per your response to the 1/4/16 objections, item #8, you indicate that the original loss ratio, including a 10% margin would be 78%. Please provide the anticipated lifetime loss ratio as defined by 14VAC5-200-153.G.2.
  - b. (04-05-2016 Question) –Please submit a plan per 14VAC5-200-153.G.1.
2. (04-05-2016 Question) Please provide the Lifetime loss ratio assuming that the proposed ultimate increased rates were in place since policy issue.

## State of Virginia

### CUNA Long Term Care Rate Increase Filing

CUNA-130384266

**“2006 Product” –rate stability request for 2-phase 50%/33% rate increase (total 99.5%, second portion 2 years after first)**

#### **Request for Additional Information**

Important Information: Virginia has adopted revisions to the rate increase filing requirements for rate stability LTC products effective September 1, 2015. In particular, derivation for the maximum increase reflects the greater of the original loss ratio and 58%. It also allows for a schedule of rate increases to be approved, and for these to be less than necessary under rate stabilization if determined to be in the best interest of policyholders.

This is the first rate increase filing on this policy due to the 10-year premium rate guarantee. All page references are to the supporting documents from the SERFF filing unless otherwise indicated.

The Original loss ratio is without margin is shown to be between 66% and 70% (depending on presentation) and reflects a weighted average valuation interest rate of 4.0% and actual distribution. Note that current projected lifetime loss ratio without rate increase for Virginia only experience (Appendix C) is at 158% vs. 152% on a National Basis. The increase is presented as reducing the lifetime loss ratio to 101%. Policies are on average in duration 7, with average attained age 66.3. Due to the requested cumulative rate increase resulting in a 99.5% increase (vs. 100%), a small subset of policyholders (issue age 54 and under) would not technically be required to receive an offer on Contingent Benefit on Lapse (CBL), per 14VAC5-200-185.D. The Company has indicated that if approved, all policyholders would receive the CBL offer.

Per the State Filing Grid, many (17) states are also reviewing the first rate increase filing for this form. The weighted average rate increase implemented on policies nationwide, for states that have had increases is 48%, with the maximum increase equal to that requested of 99.5% phased in two steps, and the minimum being 10%. Four states where increases have been implemented did not include the 10-year rate guarantee: FL, GA, TN and WI.

#### **Suggested Questions (5/25/16)**

1. (05-25-2016) 14VAC5-200-153.B.3.f requires that the actual and projected costs exceed costs anticipated at the time of initial pricing under moderately adverse experience and that the composite margin is projected to be exhausted. As a result, the original anticipated lifetime loss ratio to be used in the calculation to be disclosed per 14VAC5-200-153.G.2 includes margin. Therefore the calculation should use 78% as the original anticipated lifetime loss ratio. Please revise the Approach 3 calculation that was added to “VA Rate Basis Appendix – 2006 V2”.
2. (05-25-2016) Please describe the basis for the original morbidity assumptions. Please also provide a discussion of the drivers of the change from these original assumptions to those (based on Milliman’s 2014 Guidelines) that are the basis of the current projections. For

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example, if applicable, the discussion would include how the assumed incidence or severity of claims has changed (increased/decreased/changed slope, etc.) particularly for specific benefit types or underwriting categories.

3. (05-25-2016) Please provide an updated state filing grid.

## Summary of Prior Correspondence and Responses:

(04-05-2016 Questions) Follow-up questions on initial materials provided by the State (which include the company's response 3/22/16 to the preliminary objections sent 1/4/16) are listed below, along with summaries of the company response, provided 5/9/16 via SERFF.

### A. Assumptions

1. (04-05-2016) Please provide assurances that the assumptions used in the projections are no more conservative (i.e. do not produce a higher loss ratio) than used in the company's prior year's asset adequacy testing.

Response: best estimate and 10% margin are consistent with 2015 AAT. No follow-up needed.

2. (04-05-2016) 14VAC5-200-185.D requires the provision of a contingent benefit upon lapse for policies with issue ages 55+ if the requested rate increase is approved. Please provide the assumptions with respect to the election of contingent benefit upon lapse in the projections "with rate increase" included in the exhibits.

Response: 0% election rate assumed. No follow-up needed.

3. The Memorandum, item #25 indicates that for policies with rate guarantees, the rate increase will be applicable when the rate guarantee expires. The State Filing Grid also notes the existence of a 10-year rate guarantee on policies issued in Virginia.
  - a. Please provide more specifics as to what portion of policies will be subject to rate increase in each calendar year, and if the 2-year delay of the subsequent (33%) increase also is intended to apply to these policies.

Response: Company provided a chart showing first rate increase starting in 2018 (or 19, 20) at end of guarantee period with second "phase 2 years after first.

*Per conversation with Department, they will ask the Company when the policyholders would be notified of the rate increase – only 75 days prior or earlier, such as anniversary after approval.*

- b. Please clarify the assumptions made in the projections for the timing of premium guarantee expirations.

Response: Company indicated simplified approach of including 50% increase effective 10/1/15, then 33% 10/1/17. "This results in overstating the future premium and thereby producing a lower loss ratio after rate increase". No follow-up needed.

4. (04-05-2016) Exhibit 1 and Exhibit 2 both include a section on the far right listed as original assumptions. The Incurred claims listed in both exhibits are different. This produces Exhibit 1 which shows historical A/E on a discounted basis at about 125%, to differ from Exhibit 2 which shows an A/E of about 115%. Please explain.

Response: Company indicated Exhibit 1 uses original expected **loss ratios** from original pricing. Exhibit 2 uses **expected assumptions**. No follow-up needed.

5. (04-05-2016) Exhibit 2 shows the stepwise impact of moving from initial to current assumptions. The filing also indicates that the main reason for the rate increase is the unrealized persistency assumptions, and morbidity has little impact. The analysis (and your response to item #5) indicates that lapse experience has not deviated from expected. Expectations of future mortality and morbidity experience appear to be the key drivers of the requested increase. The Milliman A/E study showed actual morbidity experience for this block of policies was greater than “benchmark”, but still used 100% of the benchmark citing low credibility. In Exhibit 2, future projected claims, however, are projected to be about 73% greater than original assumptions due solely to the morbidity assumption change, which is much greater than the A/E. Please provide additional explanation of the change in the expected morbidity assumptions.

*Response: Company did not address the cause of the change in morbidity slope between original pricing and Milliman. No disclosure of the “original” basis.*

*Additional objection drafted 5/25/16 above.*

6. (04-05-2016) The Actuarial Certification states that no provision for moderately adverse experience was included in the calculations, except for a 10% explicit load on the future claims. The Supplemental Information on Key Assumptions, page 2, Claim Reserve Review, indicates that 57% (\$32.4 million of \$57.0 million) of the incurred claims reported is the claims reserve, and cites the claim reserve retro test as support for the best estimate basis of the reserve. This test, however, indicates consistent sufficiencies ranging from 9% to 35% of the starting reported reserve, with the average sufficiency noted as 17%. This would appear to indicate that the claim reserves contain margin and are overstating the incurred claims in the historical analysis, as well as possibly inflating the projection of future claims. Please address this concern with respect to the determination of the best estimate claim experience.

*Response: Company agreed with the premise and indicated the impact is that there is a 15% margin in the projections instead of 10%. The Company also notes that “the Company will not be able to ask for additional rate increases in the future unless or until the expected lifetime loss ratio exceeds 101%.” No follow-up needed.*

## **B. Follow-up to Prior Response**

7. Maximum allowable rate increase calculation:

- a. (04-05-2016 Question) - Appendix A does not appear to disclose the “greater of original pricing loss ratio and 58%” – Exhibit 1 & 4 show the original pricing loss ratio as approximately 68%. Per your response to the 1/4/16 objections, item #8, you indicate that the original loss ratio, including a 10% margin would be 78%. Please provide the anticipated lifetime loss ratio as defined by 14VAC5-200-153.G.2.

*Response: Company reiterates that original lifetime loss ratio was 70.9 % (without margin). Using this “pricing loss ratio”, Approach 3 was added to “VA Rate Basis Appendix – 2006 V2” which indicates the allowable increase would be 149%.*

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*Additional objection drafted 5/25/16 above.*

- b. (04-05-2016 Question) –Please submit a plan per 14VAC5-200-153.G.1.

Response: Company indicates that they view the 50%/33% increase as equivalent to 100%, so all policyholders in Virginia would be eligible for the contingent benefit. They also included 2 documents (one for Administration and one for Claims) to address the required plans. *No actuarial review of these documents was performed.*

8. (04-05-2016 Question) Please provide the Lifetime loss ratio assuming that the proposed ultimate increased rates were in place since policy issue.

Response: Company provided “Appendix B – Rate Increase Since Inception – 2006.xls” which shows the lifetime loss ratio assuming implementation from issue as 77%. No follow-up needed.

9. (04-05-2016 Questions) Actuarial Memorandum Item 28, the last paragraph of the Actuarial Certification, indicates that “if the premium rate schedule increases are implemented and the underlying assumptions, which reflect moderately adverse conditions are realized, no further premium rate schedule increases are anticipated”. Appendix A, item #22 indicates that the projected Nationwide Lifetime Loss ratio with increases is 101%.

Please confirm that if the requested rate increases are implemented, the Company will not request further rate increases that would decrease the lifetime loss ratio to less than 101%.

Response: Company provided requested confirmation. No follow-up needed.

*A response to an additional objection included by Virginia confirmed that all of “the 2006 Product is based on all post-rate stability business”. No follow-up needed.*

June 30, 2016

Mr. Robert Grissom  
Insurance Market Examiner  
Forms and Rates Section Life and Health Division  
State Corporation Commission, Bureau of Insurance  
P.O. Box 1157 Richmond, VA 23218

**RE:**  
**CMFG Insurance Company**  
**Life Long Term Care Rate Increase Filing**  
**Policy Forms 2006-LTC-COMP(VA) and associated riders, approved 4/28/2008.**  
**SERFF #: CUNA-130384266**

Dear Bob:

We have completed our review of this filing for a long term care rate increase. CMFG Life Insurance Company (the Company) is requesting an across the board increase of about 100%. They have proposed implementation in a 2-phase schedule of 50% increase followed by a 33% increase two (2) years later, for a cumulative effect of 99.5%.

### **Recommendation**

We recommend that the Bureau approve the requested rate increase. Our review of this filing was performed according to the provisions of 14VAC5-200. Applicable Actuarial Standards of Practice were considered, including Actuarial Standard of Practice No. 18, "Long-Term Care Insurance" and Actuarial Standard of Practice No. 8, "Regulatory Filings for Rates and Financial Projections for Health Plans".

Several objection letters were sent to the Company requesting additional information via SERFF. The Company's response clarified issues and data outlined in the actuarial memorandum. This information was not verified, but we did review it for consistency and reasonableness. If any information was inaccurate, it may require us to revise our conclusions and opinions.

### **Background**

This is a closed block of business in Virginia and nationwide. This block of business was sold nationwide from 2006 to 2011. Policies were sold in Virginia from 2008 to 2011. These are individual policies which are guaranteed renewable for life. These policies have a 10-year premium rate guarantee that will soon expire for the first issued policies of the series.

There were 1,171 policies in Virginia and 14,040 policies nationwide as of 12/31/14 (the projection date in the filing). There are 1,151 policies in Virginia and 13,725 policies nationwide as of 12/31/15. There have been no prior rate increases on this block of business in Virginia.

The Company has proposed that the first increase be applied at the first anniversary after the approval date and the end of the guarantee period. The second increase will apply 2 anniversaries later. The Company is basing the requested increase on their nationwide experience. This is appropriate as the Virginia experience has little credibility. The Virginia historical earned premiums and incurred claims are consistent with nationwide experience, with about 7.7% of the nationwide premium and 8.3% incurred claims. Nationwide, policies are in average duration 7 and accumulated historical claims to 12/31/14 are less than \$1.0 million in Virginia and about \$12.0 million nationwide.

The Company sold only 129 limited pay policies nationwide, less than 1% of the in force. They were both 10-pay and Paid-up at 65 policies. These policies were not excluded from the Company's historical and projected experience. Their inclusion is immaterial.

Although the increase is technically less than 100%, the Company has indicated that if approved, all policyholders would receive the Contingent Benefit on Lapse offer.

### **Applicable Regulations and Requirements:**

Rate stabilization blocks (policies issued on or after October 1, 2003 but prior to September 1, 2015 are subject to 14VAC5-200-153 which requires a lifetime loss ratio of at least 58% applied to the current rate schedule plus 85% applied to any premium increase for individual policy forms. The expected loss ratio must not reflect policy reserves and the present and accumulated values must be determined using an interest rate equal to the maximum valuation interest rate for the policy reserves. If the majority of the policies will be eligible for the contingent benefit upon lapse as a result of the rate increase, the Company must also file the minimum lifetime loss ratio using the greater of the original anticipated lifetime loss ratio or 58%.

### **Analysis – Methodology:**

Our approach was to a) review the filing materials for clarity; b) review the experience studies which support the revised assumptions vs. those initially filed; c) review the projections and revised assumptions reasonableness; d) analyze the current increase request for compliance with Virginia regulations; and e) summarize cumulative rate increase actions in other states.

### **Review of Experience Studies and Resulting Revised Assumptions:**

The Virginia only product specific block of business is small with \$11.5 million of accumulated premium and \$1.0 million of incurred claims. The Company uses their nationwide experience from their entire block of individual long term care products to develop revised assumptions. We think this is appropriate as it uses more data and increases the credibility. Also, there is no reason to expect geographic differences in experience.

The Company stated the revised assumptions are current best estimate assumptions with a 10% provision for moderately adverse experience. This is consistent with the basis of assumptions used in the 12/31/15 Asset Adequacy testing.



The Company engaged Milliman to perform experience studies on its LTC blocks. A report dated 6/17/15 was included in the filing. Key items from this report are highlighted below.

### Lapse

The lapse study was based on CMFG Life's own experience for all LTC products from inception, and excludes single pay, 10-pay and paid-up at 65 policies. The use of all products helps provide greater stability and credibility in the results at early durations and a source for assumptions in later durations. Due to lower variability in this experience, full credibility is often assigned for durations with 400 terminations or more. Total termination rates are only partially credible at later durations (8+).

The Company measured their lapses using two methods in order to set their projected assumptions. The first method is total terminations less those that were identified as deaths. The second method is total terminations less expected deaths. The revised lapse assumption is stated to be based on Company-wide experience, but the ultimate rate appears to reflect industry experience as it is 1.00%, beginning in duration 9. The experience for durations 8+ is about 1.3% to 1.7% (depending on the methodology used) about 2.1% to 1.7% for durations 10+. These additional terminations could be due to either death or voluntary terminations. There was some indication that lower voluntary termination rates (by about 0.5%) were associated with policies with inflation protection. Given that the product subject to this filing has a larger percentage of policies with inflation protection (87% vs. 65%+ for the products contributing to the later duration experience), lower lapses rates should be expected. Also, the current product includes riders that were not available on the older products such as restoration of benefits, shared extended expense and surviving spousal benefits that would be expected to reduce ultimate voluntary lapses vs. the older products. The Company's assumption of 1.0% therefore appears to be reasonable.

Although there is no recognized industry table, recent experience studies have been produced by the SOA and are available as reasonableness checks on company assumptions. The 200-2011 LTC experience report has also noted ultimate lapse rates in durations 17+ that increase above 1%, but these are still under investigation.

### Mortality

The Company is using the Annuity 2000 table as the basis for mortality assumptions. As with the experience study, the assumption includes projecting forward with Scale G 100% for males and 50% for females. The Company also uses selection factors which begin at .20 and grade to an ultimate value of .95 at durations 14+. The selection factors are slightly different for their other products, but they are not part of this filing.

The mortality experience study was based upon the Annuity 2000 table projected forward using Scale G (1005 for males, 50% for females) along with mortality selection factors. All CFMG Life's LTC policy forms were combined to increase credibility, but selection factors are product specific and detailed in the report. Deaths are identified as either a policy termination code of death or a match against the Social Security Masterfile. There are a total of 1,026 actual deaths

in the study. In order to determine if the table is a reasonable fit to experience, it was compared against policy duration, attained age and gender. Using a similar credibility measure as for morbidity (see below), this is only partially credible for the groups of cells, but a sufficient data to select an underlying table for slope.

The Annuity 2000 Table is often used with Long Term Care products. The Company's selection factors are reasonable compared to the factors used in other reviews we have performed. The limited experience requires the use of a recognized table.

The Company provided an actual to expected analysis along several parameters: The fit by duration was quite good (within  $\pm 0.2\%$ ), with wider fluctuations in later durations where experience was limited. In terms of A/E, actual experience in durations 3+ were less than 90%. Similar A/E was noted in the experience by attained age. As the expected mortality basis was improved to 2007 (not to each experience year) a trend in lower A/E in later durations and new products was observed and supports to assumption of continued mortality improvement.

The fit is reasonably good, especially given the limited number of actual deaths. We believe the Company's assumption is reasonable.

### Morbidity

Morbidity experience was measured against the Milliman USA 2014 Long Term Care Guidelines. This is a proprietary source, but it is based on extensive industry experience (on \$25 billion of incurred LTC insurance claims and 29 million life years of exposure) and it recognizes various underwriting standards. This source was also used to project the future incurred claims. We are comfortable with this source.

The Company updated its credibility measure as a result of a prior filing, and it is now based on Limited Fluctuation theory and claim count. This method introduces a rule of 1082 claims for full credibility. The 1082 claims ensure that the observed claims are within  $\pm 5\%$  of the true claims with 90% confidence. The same analysis shows that 2,654 claims will ensure that the observed claims are within  $\pm 5\%$  of the true claims with 99% confidence. Using the 1082 claims as the benchmark, the company calculated the nationwide, multi-product claim experience as only 78% credible. For this product only, there were only 136 claims nationwide, with a resulting credibility measure of 36%. The majority of the experience is in claims incurred at attained ages 60-89, and therefore a reasonable basis to test the fit of the experience to the Milliman Guidelines.

This compares to the pricing assumption, which although also based on Milliman Guidelines, only reflected over \$1.8 billion of long term care insurance claims.

"The increase in underlying data, summarized by the Guidelines, has shown the following:

- Incidence continues to trend lower
  - The recent versions of the Guidelines trend incidence forward using a 1% per

year improvement rate. The original morbidity assumption would illustrate a higher incidence rate compare to the current morbidity assumption using the 2014 Guidelines as the underlying assumption.

- Continuance is trending longer
  - The current versions of the Guidelines have shown that the length of stay has grown longer than in previous versions of the Guidelines.
- Utilization has trended slightly lower for skilled nursing facilities and assisted living facilities
  - The Guidelines have evolved to be specific for the care types of skilled nursing facility, assisted living facility, and home health care. In general, policyholders shown slightly lower use of facility care than originally assumed in pricing.

While the Guidelines are showing lower incidence and utilization of facility care, the increase continuance has driven a significant increase in severity. The Company continues to experience increases in total incurred claims as more industry experience emerges through each update of the Guidelines. The increase is amplified in the future projection of the Company's business as the slope of the claim cost curve has increased significantly."

The morbidity analysis considered the effect of claim reserves, selection factors, salvage factors, claim management factors, area factors and risk class factors. We note that a 5% reduction to claims was assumed relative to Milliman experience due to claim management. The fit of the Milliman table to experience at older attained ages was centered around 100%. No concerns arose from review of the fit of the underlying table to experience.

The experience study indicated that the claim experience for this product had an A/E of about 122% unfavorable and for all of their business is 2% unfavorable. For projection purposes, a product weighting of 1.01 was selected. In addition, the Company assumes annual 1% improvement in morbidity through 2029. These annual improvements reflect developing industry experience of delayed onset of claims as described above.

The claim reserve analysis indicated material margins (about 17% in aggregate, though lower margins on less developed - more recent - claims). Due to the early durations of the policies in subject to this filing, 75% of the Incurred claims figures reflects the estimated claim reserve. The margin in the claim reserve was therefore impacting the assumed historical incurred claims experience by about 12%. The adjusted A/E for this block, (after removing the margin) would therefore be 108% vs. 121%. The Company indicated that the estimated impact in the projections was to include margin in projected claims of 15% vs. the 10% explicitly cited in the actuarial certification. Given the company did not fully reflect the adverse historical experience of the block, this estimated impact is reasonable.

The Company did a thorough job of dissecting their results across multiple parameters. There are some volatile ratios, but they occur in cells with relatively small exposure. The Company's

aggregate revised morbidity assumption is reasonable and it fits the historical experience quite well.

The Company stated that the projections include continued mortality and morbidity improvements. The mortality improvements are 100% of Scale G for males and 50% of Scale G for females. These are reasonable improvements and not uncommon for annuity business (the underlying table is the Annuity 2000 Table). The morbidity improvements are 1% per year through 2025. This is a reasonable assumption, and results in a steeper overall loss ratio slope (lower lifetime loss ratio) than not reflecting such assumptions.

#### Other Assumptions:

The projections do not include any shock lapses or corresponding anti-selection. This is a not a material consideration as industry election rates of contingent benefits on lapse or lapses upon rate increase are less than 5%. We are comfortable that the projections are not materially distorted by excluding these assumptions.

#### Interest Rates

The loss ratio calculations use an interest rate of 4.00% for all durations which reflects the weighted average maximum valuation interest rate for the issue years of the product.

#### Margins:

The Company indicated that no provision for moderately adverse experience was included in the calculations, except for a 10% explicit load on the future claims. As indicated above, the determination of historical claims which was included claim reserve estimate with material margins resulted in overstating the incurred claims in the historical analysis, as well as inflating the projection of future claims. The Company agreed with this premise and indicated the impact is that there is a 15% margin in the projected claims instead of 10% (cited below).

#### **Financial Projections**

We reviewed the financial projections. We were able to exactly match the accumulated value calculations of the historical experience and the present value calculation of the projected experience when all projection years were displayed. Some exhibits have a final cell that lumps all the experience for 2054 and later together, while detailed projections reflect year-by year modeling through 2072.

The projections are sensitive to two key assumptions – slope of the incurred claims and persistency of the block. We reviewed the trends in projected premiums, claims, and loss ratios over the projection period. The following trends were noted:

- Persistency is in line with the assumed mortality and lapse rates with observe reduction in terminations as policies move from select duration to ultimate lapse assumptions.
- The slope in the Company's loss ratio projections is a very consistent with expectations,

starting near 26% at the early projection years, and grading down rapidly through the select period then improving by the indicated 1% reaching about 7% at the oldest attained ages.

We also reviewed the reasonableness of the initial projected premiums and claims (for 2015) relative to the recent prior years' actual values. We found the starting period premiums and claims to be reasonable given the assumptions outlined and prior trend in durational claim costs, and not reflect the spike in actual claims that occurred in 2014.

We compared the premiums with and without the premium increase. The Company reflected a simplified approach to modeling the rate increases that ignored the presence of the 10-year rate guarantee which will expire starting in 2018. Upon request for clarification, the Company indicated that "A 50% increase was indicated to be effective 10/1/15, then 33% 10/1/17. This results in overstating the future premium and thereby producing a lower loss ratio after rate increase". We agree with this assessment, but do not believe the impact on the lifetime loss ratio would be material. Further, our review indicated that the rate increase was modeled an additional 4-6 month delay vs. the documentation, with 50% effective starting in early 2016 and the remainder in early 2018. This projection more closely ties to the actual implementation than stated.

Once the rate increase is fully effective (2019) the overall effect is a 99.5% rate increase. It was documented that the incurred claims with rate increase are higher than those without by about 0.4% – 4.6% due to reflecting the larger premium on waiver claims.

## **Loss Ratio Requirements**

### Original Anticipated Loss Ratio:

The Original loss ratio indicated by the Company is without margin is shown to be 66% (using assumed sales distribution) and 71% reflecting actual inforce distribution.

14VAC5-200-153.B.3.f requires that the actual and projected costs exceed costs anticipated at the time of initial pricing under moderately adverse experience and that the composite margin is projected to be exhausted. The Company indicated that the **original anticipated lifetime loss ratio under moderately adverse experience was equal to 78%.**

### Expected Loss Ratios:

Projections and loss ratios are presented on a "Virginia Rate basis" – that is, no rate increases approved in other states are reflected in the historical or projected premiums.

#### a) Historical Nationwide:

- As reported by Company: 8%
- Adjusted to remove 17% margin in claim reserve: 7%

#### b) Future:

- As reported by Company:
    - No rate increase: 234%
    - With 2-phase increase: 130%
  - Adjusted to reduce margin to 10%:
    - No rate increase: 224%
    - With 2-phase increase: 124%
- c) Lifetime, using revised assumptions:
- As reported by Company:
    - No rate increase: 152%
    - With 2-phase increase: 101%
  - Adjusted to remove margin in claim reserve and impact on projections:
    - No rate increase: 145%
    - With 2-phase increase: 96%

Loss Ratio Test assuming requested rate increase:

**14VAC5-200-153.C:**

Minimum lifetime claims = 58% of Original Premiums + 85% Increased premiums

$$= .58 * \$407,325,757 + .85 * \$217,022,004 = \$420,717,642$$

**14VAC5-200-153.G.2:** (replace 58% with Original lifetime loss ratio, if greater)

Minimum lifetime claims = 78% of Original Premiums + 85% Increased premiums

$$= .78 * \$407,325,757 + .85 * \$217,022,004 = \$502,182,793$$

Actual + Projected Claims:

- As reported by Company: \$627,960,287
- Adjusted to remove margin in claim reserve and impact on projections: \$599,870,376

The loss ratio test is met under both the 58% of original premiums and the initially filed anticipated loss ratio using historical experience modified to remove margin and including only a 10% margin in future claims. The future loss ratios, on an adjusted basis is projected to be 124%. The filing complies with the requirements **14VAC5-200-153**

### Other Considerations:

## Reasonableness of initial pricing assumptions:

The assumptions underlying the initial rates were reviewed for reasonableness for the era when pricing occurred.

- a) Milliman current Guidelines were used for morbidity assumptions. It appears that

underwriting at issue was not as strict as prior products resulting in adverse experience in early durations relative to initial assumptions. As outlined above historical claims, absent deviations in mortality or lapse experience exceeded expectations by 15%.

- b) Milliman 2014 Guidelines also reflect expected deterioration in future claims based on additional emerging experience.
- c) Mortality assumptions used in the initial filing were based on the 1994 GAM projected to 2006, with underwriting selection of 7 years which would have been a common table at that time, as it is still the reserve mortality basis. No future mortality improvement was included. Mortality assumptions are now about 25% lower than prior assumptions for the first 30 projection years, and grade to a similar ultimate mortality level afterwards. Projected reduced mortality vs. original expectations increase the future projected claims by 46% and future projected premiums by 13% vs. initial expectations. This produces higher expected future loss ratios.
- d) Lapse rates used in the initial filing are not materially different than developing experience or projected experience.

#### Lifetime Loss ratio projection using premiums on “requested” increase basis for all years:

We also calculated an adjusted lifetime loss ratio by approximating the impact of applying the requested rate increase to historical premiums (multiplied them by 1.995). This modified the historical loss ratio to 3.6%. We also adjusted the projected premiums to be at the ultimate rate level for all years. No adjustments were made to the historical claims for the impact of the rate increase on the cost of waiver. The modified future loss ratio was 115% resulting in a modified lifetime loss ratio of 74%. While this is slightly lower than the original anticipated loss ratio, this loss ratio supports the conclusion that benefits are reasonable in relationship to the requested premium levels, even if they had been in place since issue.

#### Rate increases approved in other states:

We reviewed the status of approvals in other states Per the State Filing Grid as of 6/6/16. The Company has business in force in 45 jurisdictions. To date they have filed in 33 jurisdictions. To date there have been 17 approved or accepted increases and 3 disapproved. The weighted average rate increase implemented for these states is 51% with the maximum increase equal to that requested of 99.5% phased in two steps, and the minimum being 10%. Four states where increases have been implemented did not include the 10-year rate guarantee: FL, GA, TN and WI.

### **Conclusions**

For this block of rate stabilization policies, given the magnitude of the requested rate increase, 14VAC-200-153 G.2 requires the accumulated value of incurred claims and the present value of future projected claims will not be less than the sum of the accumulated value of the initial earned premium and present value of future projected premiums prior to application of the increases times the original loss ratio (78%) and 85% of the present value of future projected premiums in excess of the original premium level. The table in the loss ratio section shows the lifetime and future loss ratios are met under all scenarios. The modified loss ratio for the future projected experience is 125% and the modified lifetime loss ratio is 97%.

The Company also stated that “the Company will not be able to ask for additional rate increases in the future unless or until the expected lifetime loss ratio exceeds 101%.” This statement reflects a margin of 15% in the future expected loss ratio.

It is my opinion that the rate increase requested complies with the applicable Virginia regulations and Actuarial Standards of Practice.

### **Reliance and Qualification**

The purpose of this document is to communicate our review of this filing. The use of this report by parties outside of the Virginia Bureau of Insurance is unauthorized. Outside parties rely on this report at their own risk.

Our conclusions are based on information supplied by CMFG Life Insurance Company both in the initial filing and in their response to our questions. All correspondence is included in SERFF. This information was not verified, but we did review it for consistency and reasonableness. If any information was inaccurate, it may require us to revise our conclusions and opinions.

Sincerely,

A handwritten signature in blue ink that reads "Alice Fontaine". The signature is written in a cursive, flowing style.

Alice Fontaine, FSA, FCIA, MAAA



October 6, 2016

Mr. Robert Grissom  
Insurance Market Examiner  
Forms and Rates Section Life and Health Division  
State Corporation Commission, Bureau of Insurance  
P.O. Box 1157 Richmond, VA 23218

**RE:**  
**CMFG Insurance Company**  
**Life Long Term Care Rate Increase Filing**  
**Policy Forms 2006-LTC-COMP(VA) and associated riders, approved 4/28/2008.**  
**SERFF #: CUNA-130384266**

Dear Bob:

We have completed our review of this filing for a long term care rate increase. CMFG Life Insurance Company (the Company) is requesting an across the board increase of about 100%. They have proposed implementation in a 2-phase schedule of 50% increase followed by a 33% increase two (2) years later, for a cumulative effect of 99.5%.

### **Recommendation**

We recommend that the Bureau approve the requested rate increase. Our review of this filing was performed according to the provisions of 14VAC5-200. Applicable Actuarial Standards of Practice were considered, including Actuarial Standard of Practice No. 18, "Long-Term Care Insurance" and Actuarial Standard of Practice No. 8, "Regulatory Filings for Rates and Financial Projections for Health Plans".

Several objection letters were sent to the Company requesting additional information via SERFF. The Company's response clarified issues and data outlined in the actuarial memorandum. This information was not verified, but we did review it for consistency and reasonableness. If any information was inaccurate, it may require us to revise our conclusions and opinions.

### **Background**

This is a closed block of business in Virginia and nationwide. This block of business was sold nationwide from 2006 to 2011. Policies were sold in Virginia from 2008 to 2011. These are individual policies which are guaranteed renewable for life. These policies have a 10-year premium rate guarantee that will soon expire for the first issued policies of the series.

There were 1,171 policies in Virginia and 14,040 policies nationwide as of 12/31/14 (the projection date in the filing). There are 1,151 policies in Virginia and 13,725 policies nationwide as of 12/31/15. There have been no prior rate increases on this block of business in Virginia.

The Company has proposed that the first increase be applied at the first anniversary after the approval date and the end of the guarantee period. The second increase will apply 2 anniversaries later. The Company is basing the requested increase on their nationwide experience. This is appropriate as the Virginia experience has little credibility. The Virginia historical earned premiums and incurred claims are consistent with nationwide experience, with about 7.7% of the nationwide premium and 8.3% incurred claims. Nationwide, policies are in average duration 7 and accumulated historical claims to 12/31/14 are less than \$1.0 million in Virginia and about \$12.0 million nationwide.

The Company sold only 129 limited pay policies nationwide, less than 1% of the in force. They were both 10-pay and Paid-up at 65 policies. These policies were not excluded from the Company's historical and projected experience. Their inclusion is immaterial.

Although the increase is technically less than 100%, the Company has indicated that if approved, all policyholders would receive the Contingent Benefit on Lapse offer.

### **Applicable Regulations and Requirements:**

Rate stabilization blocks (policies issued on or after October 1, 2003 but prior to September 1, 2015 are subject to 14VAC5-200-153 which requires a lifetime loss ratio of at least 58% applied to the current rate schedule plus 85% applied to any premium increase for individual policy forms. The expected loss ratio must not reflect policy reserves and the present and accumulated values must be determined using an interest rate equal to the maximum valuation interest rate for the policy reserves. If the majority of the policies will be eligible for the contingent benefit upon lapse as a result of the rate increase, the Company must also file the minimum lifetime loss ratio using the greater of the original anticipated lifetime loss ratio or 58%.

### **Analysis – Methodology:**

Our approach was to a) review the filing materials for clarity; b) review the experience studies which support the revised assumptions vs. those initially filed; c) review the projections and revised assumptions reasonableness; d) analyze the current increase request for compliance with Virginia regulations; and e) summarize cumulative rate increase actions in other states.

### **Review of Experience Studies and Resulting Revised Assumptions:**

The Virginia only product specific block of business is small with \$11.5 million of accumulated premium and \$1.0 million of incurred claims. The Company uses their nationwide experience from their entire block of individual long term care products to develop revised assumptions. We think this is appropriate as it uses more data and increases the credibility. Also, there is no reason to expect geographic differences in experience.

The Company stated the revised assumptions are current best estimate assumptions with a 10% provision for moderately adverse experience. This is consistent with the basis of assumptions used in the 12/31/15 Asset Adequacy testing.

The Company engaged Milliman to perform experience studies on its LTC blocks. A report dated 6/17/15 was included in the filing. Key items from this report are highlighted below.

### Lapse

The lapse study was based on CMFG Life's own experience for all LTC products from inception, and excludes single pay, 10-pay and paid-up at 65 policies. The use of all products helps provide greater stability and credibility in the results at early durations and a source for assumptions in later durations. Due to lower variability in this experience, full credibility is often assigned for durations with 400 terminations or more. Total termination rates are only partially credible at later durations (8+).

The Company measured their lapses using two methods in order to set their projected assumptions. The first method is total terminations less those that were identified as deaths. The second method is total terminations less expected deaths. The revised lapse assumption is stated to be based on Company-wide experience, but the ultimate rate appears to reflect industry experience as it is 1.00%, beginning in duration 9. The experience for durations 8+ is about 1.3% to 1.7% (depending on the methodology used) about 2.1% to 1.7% for durations 10+. These additional terminations could be due to either death or voluntary terminations. There was some indication that lower voluntary termination rates (by about 0.5%) were associated with policies with inflation protection. Given that the product subject to this filing has a larger percentage of policies with inflation protection (87% vs. 65%+ for the products contributing to the later duration experience), lower lapses rates should be expected. Also, the current product includes riders that were not available on the older products such as restoration of benefits, shared extended expense and surviving spousal benefits that would be expected to reduce ultimate voluntary lapses vs. the older products. The Company's assumption of 1.0% therefore appears to be reasonable.

Although there is no recognized industry table, recent experience studies have been produced by the SOA and are available as reasonableness checks on company assumptions. The 200-2011 LTC experience report has also noted ultimate lapse rates in durations 17+ that increase above 1%, but these are still under investigation.

### Mortality

The Company is using the Annuity 2000 table as the basis for mortality assumptions. As with the experience study, the assumption includes projecting forward with Scale G 100% for males and 50% for females. The Company also uses selection factors which begin at .20 and grade to an ultimate value of .95 at durations 14+. The selection factors are slightly different for their other products, but they are not part of this filing.

The mortality experience study was based upon the Annuity 2000 table projected forward using Scale G (1005 for males, 50% for females) along with mortality selection factors. All CFMG Life's LTC policy forms were combined to increase credibility, but selection factors are product specific and detailed in the report. Deaths are identified as either a policy termination code of death or a match against the Social Security Masterfile. There are a total of 1,026 actual deaths

in the study. In order to determine if the table is a reasonable fit to experience, it was compared against policy duration, attained age and gender. Using a similar credibility measure as for morbidity (see below), this is only partially credible for the groups of cells, but a sufficient data to select an underlying table for slope.

The Annuity 2000 Table is often used with Long Term Care products. The Company's selection factors are reasonable compared to the factors used in other reviews we have performed. The limited experience requires the use of a recognized table.

The Company provided an actual to expected analysis along several parameters: The fit by duration was quite good (within  $\pm 0.2\%$ ), with wider fluctuations in later durations where experience was limited. In terms of A/E, actual experience in durations 3+ were less than 90%. Similar A/E was noted in the experience by attained age. As the expected mortality basis was improved to 2007 (not to each experience year) a trend in lower A/E in later durations and new products was observed and supports to assumption of continued mortality improvement.

The fit is reasonably good, especially given the limited number of actual deaths. We believe the Company's assumption is reasonable.

### Morbidity

Morbidity experience was measured against the Milliman USA 2014 Long Term Care Guidelines. This is a proprietary source, but it is based on extensive industry experience (on \$25 billion of incurred LTC insurance claims and 29 million life years of exposure) and it recognizes various underwriting standards. This source was also used to project the future incurred claims. We are comfortable with this source.

The Company updated its credibility measure as a result of a prior filing, and it is now based on Limited Fluctuation theory and claim count. This method introduces a rule of 1082 claims for full credibility. The 1082 claims ensure that the observed claims are within  $\pm 5\%$  of the true claims with 90% confidence. The same analysis shows that 2,654 claims will ensure that the observed claims are within  $\pm 5\%$  of the true claims with 99% confidence. Using the 1082 claims as the benchmark, the company calculated the nationwide, multi-product claim experience as only 78% credible. For this product only, there were only 136 claims nationwide, with a resulting credibility measure of 36%. The majority of the experience is in claims incurred at attained ages 60-89, and therefore a reasonable basis to test the fit of the experience to the Milliman Guidelines.

This compares to the pricing assumption, which although also based on Milliman Guidelines, only reflected over \$1.8 billion of long term care insurance claims.

"The increase in underlying data, summarized by the Guidelines, has shown the following:

- Incidence continues to trend lower
  - The recent versions of the Guidelines trend incidence forward using a 1% per

year improvement rate. The original morbidity assumption would illustrate a higher incidence rate compare to the current morbidity assumption using the 2014 Guidelines as the underlying assumption.

- Continuance is trending longer
  - The current versions of the Guidelines have shown that the length of stay has grown longer than in previous versions of the Guidelines.
- Utilization has trended slightly lower for skilled nursing facilities and assisted living facilities
  - The Guidelines have evolved to be specific for the care types of skilled nursing facility, assisted living facility, and home health care. In general, policyholders shown slightly lower use of facility care than originally assumed in pricing.

While the Guidelines are showing lower incidence and utilization of facility care, the increase continuance has driven a significant increase in severity. The Company continues to experience increases in total incurred claims as more industry experience emerges through each update of the Guidelines. The increase is amplified in the future projection of the Company's business as the slope of the claim cost curve has increased significantly."

The morbidity analysis considered the effect of claim reserves, selection factors, salvage factors, claim management factors, area factors and risk class factors. We note that a 5% reduction to claims was assumed relative to Milliman experience due to claim management. The fit of the Milliman table to experience at older attained ages was centered around 100%. No concerns arose from review of the fit of the underlying table to experience.

The experience study indicated that the claim experience for this product had an A/E of about 122% unfavorable and for all of their business is 2% unfavorable. For projection purposes, a product weighting of 1.01 was selected. In addition, the Company assumes annual 1% improvement in morbidity through 2029. These annual improvements reflect developing industry experience of delayed onset of claims as described above.

The claim reserve analysis indicated material margins (about 17% in aggregate, though lower margins on less developed - more recent - claims). Due to the early durations of the policies in subject to this filing, 75% of the Incurred claims figures reflects the estimated claim reserve. The margin in the claim reserve was therefore impacting the assumed historical incurred claims experience by about 12%. The adjusted A/E for this block, (after removing the margin) would therefore be 108% vs. 121%. The Company indicated that the estimated impact in the projections was to include margin in projected claims of 15% vs. the 10% explicitly cited in the actuarial certification. Given the company did not fully reflect the adverse historical experience of the block, this estimated impact is reasonable.

The Company did a thorough job of dissecting their results across multiple parameters. There are some volatile ratios, but they occur in cells with relatively small exposure. The Company's

aggregate revised morbidity assumption is reasonable and it fits the historical experience quite well.

The Company stated that the projections include continued mortality and morbidity improvements. The mortality improvements are 100% of Scale G for males and 50% of Scale G for females. These are reasonable improvements and not uncommon for annuity business (the underlying table is the Annuity 2000 Table). The morbidity improvements are 1% per year through 2025. This is a reasonable assumption, and results in a steeper overall loss ratio slope (lower lifetime loss ratio) than not reflecting such assumptions.

#### Other Assumptions:

The projections do not include any shock lapses or corresponding anti-selection. This is a not a material consideration as industry election rates of contingent benefits on lapse or lapses upon rate increase are less than 5%. We are comfortable that the projections are not materially distorted by excluding these assumptions.

#### Interest Rates

The loss ratio calculations use an interest rate of 4.00% for all durations which reflects the weighted average maximum valuation interest rate for the issue years of the product.

#### Margins:

The Company indicated that no provision for moderately adverse experience was included in the calculations, except for a 10% explicit load on the future claims. As indicated above, the determination of historical claims which was included claim reserve estimate with material margins resulted in overstating the incurred claims in the historical analysis, as well as inflating the projection of future claims. The Company agreed with this premise and indicated the impact is that there is a 15% margin in the projected claims instead of 10% (cited below).

#### **Financial Projections**

We reviewed the financial projections. We were able to exactly match the accumulated value calculations of the historical experience and the present value calculation of the projected experience when all projection years were displayed. Some exhibits have a final cell that lumps all the experience for 2054 and later together, while detailed projections reflect year-by year modeling through 2072.

The projections are sensitive to two key assumptions – slope of the incurred claims and persistency of the block. We reviewed the trends in projected premiums, claims, and loss ratios over the projection period. The following trends were noted:

- Persistency is in line with the assumed mortality and lapse rates with observe reduction in terminations as policies move from select duration to ultimate lapse assumptions.
- The slope in the Company's loss ratio projections is a very consistent with expectations,

starting near 26% at the early projection years, and grading down rapidly through the select period then improving by the indicated 1% reaching about 7% at the oldest attained ages.

We also reviewed the reasonableness of the initial projected premiums and claims (for 2015) relative to the recent prior years' actual values. We found the starting period premiums and claims to be reasonable given the assumptions outlined and prior trend in durational claim costs, and not reflect the spike in actual claims that occurred in 2014.

We compared the premiums with and without the premium increase. The Company reflected a simplified approach to modeling the rate increases that ignored the presence of the 10-year rate guarantee which will expire starting in 2018. Upon request for clarification, the Company indicated that "A 50% increase was indicated to be effective 10/1/15, then 33% 10/1/17. This results in overstating the future premium and thereby producing a lower loss ratio after rate increase". We agree with this assessment, but do not believe the impact on the lifetime loss ratio would be material. Further, our review indicated that the rate increase was modeled an additional 4-6 month delay vs. the documentation, with 50% effective starting in early 2016 and the remainder in early 2018. This projection more closely ties to the actual implementation than stated.

Once the rate increase is fully effective (2019) the overall effect is a 99.5% rate increase. It was documented that the incurred claims with rate increase are higher than those without by about 0.4% – 4.6% due to reflecting the larger premium on waiver claims.

## **Loss Ratio Requirements**

### Original Anticipated Loss Ratio:

The Original loss ratio indicated by the Company is without margin is shown to be 66% (using assumed sales distribution) and 71% reflecting actual inforce distribution.

14VAC5-200-153.B.3.f requires that the actual and projected costs exceed costs anticipated at the time of initial pricing under moderately adverse experience and that the composite margin is projected to be exhausted. The Company indicated that the **original anticipated lifetime loss ratio under moderately adverse experience was equal to 78%.**

### Expected Loss Ratios:

Projections and loss ratios are presented on a "Virginia Rate basis" – that is, no rate increases approved in other states are reflected in the historical or projected premiums.

#### a) Historical Nationwide:

- As reported by Company: 8%
- Adjusted to remove 17% margin in claim reserve: 7%

#### b) Future:

- As reported by Company:
    - No rate increase: 234%
    - With 2-phase increase: 130%
  - Adjusted to reduce margin to 10%:
    - No rate increase: 224%
    - With 2-phase increase: 124%
- c) Lifetime, using revised assumptions:
- As reported by Company:
    - No rate increase: 152%
    - With 2-phase increase: 101%
  - Adjusted to remove margin in claim reserve and impact on projections:
    - No rate increase: 145%
    - With 2-phase increase: 96%

Loss Ratio Test assuming requested rate increase:

**14VAC5-200-153.C:**

Minimum lifetime claims = 58% of Original Premiums + 85% Increased premiums

$$= .58 * \$407,325,757 + .85 * \$217,022,004 = \$420,717,642$$

**14VAC5-200-153.G.2:** (replace 58% with Original lifetime loss ratio, if greater)

Minimum lifetime claims = 78% of Original Premiums + 85% Increased premiums

$$= .78 * \$407,325,757 + .85 * \$217,022,004 = \$502,182,793$$

Actual + Projected Claims:

- As reported by Company: \$627,960,287
- Adjusted to remove margin in claim reserve and impact on projections: \$599,870,376

The loss ratio test is met under both the 58% of original premiums and the initially filed anticipated loss ratio using historical experience modified to remove margin and including only a 10% margin in future claims. The future loss ratios, on an adjusted basis is projected to be 124%. The filing complies with the requirements **14VAC5-200-153**

### Other Considerations:

Reasonableness of initial pricing assumptions:

The assumptions underlying the initial rates were reviewed for reasonableness for the era when pricing occurred.

- a) Milliman current Guidelines were used for morbidity assumptions. It appears that



underwriting at issue was not as strict as prior products resulting in adverse experience in early durations relative to initial assumptions. As outlined above historical claims, absent deviations in mortality or lapse experience exceeded expectations by 15%.

- b) Milliman 2014 Guidelines also reflect expected deterioration in future claims based on additional emerging experience.
- c) Mortality assumptions used in the initial filing were based on the 1994 GAM projected to 2006, with underwriting selection of 7 years which would have been a common table at that time, as it is still the reserve mortality basis. No future mortality improvement was included. Mortality assumptions are now about 25% lower than prior assumptions for the first 30 projection years, and grade to a similar ultimate mortality level afterwards. Projected reduced mortality vs. original expectations increase the future projected claims by 46% and future projected premiums by 13% vs. initial expectations. This produces higher expected future loss ratios.
- d) Lapse rates used in the initial filing are not materially different than developing experience or projected experience.

#### Lifetime Loss ratio projection using premiums on “requested” increase basis for all years:

We also calculated an adjusted lifetime loss ratio by approximating the impact of applying the requested rate increase to historical premiums (multiplied them by 1.995). This modified the historical loss ratio to 3.6%. We also adjusted the projected premiums to be at the ultimate rate level for all years. No adjustments were made to the historical claims for the impact of the rate increase on the cost of waiver. The modified future loss ratio was 115% resulting in a modified lifetime loss ratio of 74%. While this is slightly lower than the original anticipated loss ratio, this loss ratio supports the conclusion that benefits are reasonable in relationship to the requested premium levels, even if they had been in place since issue.

#### Rate increases approved in other states:

We reviewed the status of approvals in other states Per the State Filing Grid as of 6/6/16. The Company has business in force in 45 jurisdictions. To date they have filed in 33 jurisdictions. To date there have been 17 approved or accepted increases and 3 disapproved. The weighted average rate increase implemented for these states is 51% with the maximum increase equal to that requested of 99.5% phased in two steps, and the minimum being 10%. Four states where increases have been implemented did not include the 10-year rate guarantee: FL, GA, TN and WI. The nationwide cumulative approved increase per the Grid is 30%.

### **Conclusions**

For this block of rate stabilization policies, given the magnitude of the requested rate increase, 14VAC-200-153 G.2 requires the accumulated value of incurred claims and the present value of future projected claims will not be less than the sum of the accumulated value of the initial earned premium and present value of future projected premiums prior to application of the increases times the original loss ratio (78%) and 85% of the present value of future projected premiums in excess of the original premium level. The table in the loss ratio section shows the lifetime and future loss ratios are met under all scenarios. The modified loss ratio for the future projected experience is 125% and the modified lifetime loss ratio is 97%.

The Company also stated that “the Company will not be able to ask for additional rate increases in the future unless or until the expected lifetime loss ratio exceeds 101%.” This statement reflects a margin of 15% in the future expected loss ratio.

It is my opinion that the rate increase requested complies with the applicable Virginia regulations and Actuarial Standards of Practice.

### **Reliance and Qualification**

The purpose of this document is to communicate our review of this filing. The use of this report by parties outside of the Virginia Bureau of Insurance is unauthorized. Outside parties rely on this report at their own risk.

Our conclusions are based on information supplied by CMFG Life Insurance Company both in the initial filing and in their response to our questions. All correspondence is included in SERFF. This information was not verified, but we did review it for consistency and reasonableness. If any information was inaccurate, it may require us to revise our conclusions and opinions.

Sincerely,

A handwritten signature in blue ink that reads "Alice Fontaine". The signature is written in a cursive, flowing style.

Alice Fontaine, FSA, FCIA, MAAA

**State:** Virginia **Filing Company:** CMFG Life Insurance Company  
**TOI/Sub-TOI:** LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified  
**Product Name:** 2006 LTC Product  
**Project Name/Number:** 2015 LTC Rate Increase/

## Post Submission Update Request Processed On 03/23/2016

Status: Allowed  
Created By: Kimberly Steggall  
Processed By: Janet Houser  
Comments:

### Company Rate Information:

Company Name:CMFG Life Insurance Company

Field Name	Requested Change	Prior Value
Overall % Indicated Change	173.000%	
Overall % Rate Impact	99.500%	100.000%
Written Premium Change for this Program	\$1813768	\$1822883
Maximum %Change (where required)	99.500%	100.000%
Minimum %Change (where required)	99.500%	100.000%

<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	Review & Approval
<b>Rate Change Type:</b>	Increase
<b>Overall Percentage of Last Rate Revision:</b>	0.000%
<b>Effective Date of Last Rate Revision:</b>	
<b>Filing Method of Last Filing:</b>	

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
CMFG Life Insurance Company	173.000%	99.500%	\$1,813,768	1,171	\$1,822,883	99.500%	99.500%

<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

## Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		2006 LTC New Rates	2006-LTC-COMP(VA), 2006-LTCR-HC10EP, 2006-LTCR-CIP5L, 2006-LTCR-CIP3L, 2006-LTCR-SIP5L, 2006-LTCR-SEE(VA), 2006-LTCR-ROP(VA), 2006-LTCR-ROP75(VA), 2006-LTCR-NFB(VA), 2006-LTCR-SPWPD(VA), 2006-LTCR-LAH, 2002-LTCR-RMB	Revised	Previous State Filing Number:  Percent Rate Change Request: 99.5	VA LTC 2006 New Rates 50 - set 1 of 2.pdf, VA LTC 2006 New Rates 50 x 33 - set 2 of 2.pdf,

**CMFG Life Insurance Company - Long Term Care**  
**Forms 2006-LTC-COMP(VA), 2006-LTCR-HC10EP, 2006-LTCR-CIP5L, 2006-LTCR-CIP3L,**  
**2006-LTCR-SIP5L, 2006-LTCR-SEE(VA), 2006-LTCR-ROP(VA), 2006-LTCR-ROP75(VA),**  
**2006-LTCR-NFB(VA), 2006-LTCR-SPWPD(VA), 2006-LTCR-LAH, 2002-LTCR-RMB**

**Basic Annual Premiums per \$100 Max. Monthly Facility Benefit**

**90-Day Elimination Period**

**Single, Standard**

**0% Home Care**

<u>Issue Age</u>	<u>1yr</u>	<u>2yr</u>	<u>3yr</u>	<u>4yr</u>	<u>5yr</u>	<u>Life</u>
18-29	\$3.60	\$5.70	\$7.20	\$8.40	\$9.60	\$15.00
30-34	4.50	7.20	9.15	10.65	12.30	19.20
35-39	5.70	9.00	11.40	13.35	15.15	23.85
40-44	7.05	11.10	14.10	16.50	18.90	29.55
45	8.10	13.05	16.35	19.20	21.90	34.50
46	8.55	13.65	17.10	20.10	22.95	36.00
47	8.85	14.25	17.85	21.00	24.00	37.65
48	9.15	14.70	18.45	21.60	24.75	38.85
49	9.45	15.00	18.90	22.05	25.35	39.00
50	9.60	15.30	19.20	22.65	25.80	40.50
51	9.75	15.60	19.65	23.10	26.40	42.00
52	10.05	16.20	20.25	23.85	27.30	43.50
53	10.50	16.65	21.00	24.75	28.20	45.00
54	10.80	17.40	21.75	25.50	29.25	46.50
55	11.25	18.00	22.65	27.00	30.45	48.00
56	11.85	18.90	24.00	28.50	31.50	49.50
57	12.45	19.95	25.50	30.00	33.00	52.50
58	13.20	21.00	27.00	31.50	36.00	55.50
59	14.10	22.50	28.50	33.00	37.50	60.00
60	15.00	24.00	30.00	36.00	40.50	63.00
61	16.50	25.50	33.00	37.50	43.50	67.50
62	18.00	28.50	34.50	40.50	46.50	73.50
63	19.50	30.00	37.50	45.00	51.00	79.50
64	21.00	33.00	40.50	48.00	55.50	85.50
65	22.50	36.00	45.00	52.50	60.00	93.00
66	24.00	39.00	48.00	57.00	64.50	102.00
67	27.00	42.00	54.00	63.00	72.00	112.50
68	30.00	48.00	60.00	70.50	79.50	126.00
69	33.00	52.50	66.00	78.00	88.50	139.50
70	36.00	58.50	73.50	85.50	99.00	154.50
71	40.50	64.50	82.50	96.00	109.50	172.50
72	45.00	73.50	91.50	108.00	123.00	193.50
73	51.00	82.50	103.50	121.50	139.50	217.50
74	58.50	93.00	117.00	136.50	156.00	246.00
75	66.00	103.50	130.50	154.50	175.50	276.00
76	73.50	117.00	147.00	172.50	196.50	307.50
77	81.00	129.00	162.00	190.50	217.50	340.50
78	88.50	141.00	178.50	208.50	238.50	375.00
79	97.50	154.50	195.00	229.50	261.00	411.00
80	106.50	169.50	213.00	249.00	285.00	447.00
81	115.50	183.00	231.00	271.50	310.50	486.00
82	124.50	199.50	250.50	294.00	336.00	526.50
83	135.00	216.00	271.50	319.50	366.00	573.00
84	147.00	234.00	294.00	345.00	394.50	619.50
85	157.50	252.00	316.50	370.50	424.50	666.00
86	168.00	268.50	339.00	397.50	454.50	712.50
87	180.00	286.50	360.00	423.00	483.00	759.00
88	190.50	303.00	382.50	448.50	513.00	805.50
89	201.00	321.00	405.00	474.00	543.00	852.00
90	211.50	339.00	426.00	501.00	573.00	897.00

**CUNA Mutual Insurance Society - Long Term Care  
Limited Pay Option, Nonforfeiture and Refund of Premium Riders**

Rates shown as Multipliers

<b>ISSUE AGE</b>	<b>PAY TO AGE 65 OR 10 YEARS OPTION</b>	<b>NON- FORFEITURE RIDER 2006-LTCR-NFB(VA)</b>	<b>REFUND OF PREMIUM AT DEATH PRIOR TO AGE 75 RIDER 2006-LTCR-ROP75(VA)</b>	<b>REFUND OF PREMIUM AT DEATH RIDER 2006-LTCR-ROP(VA)</b>
18-29	1.71	1.08	1.11	1.40
30-34	1.72	1.09	1.11	1.40
35-39	1.75	1.10	1.11	1.40
40-44	1.84	1.11	1.13	1.44
45	1.93	1.12	1.14	1.52
46	1.97	1.12	1.14	1.56
47	2.02	1.12	1.14	1.59
48	2.08	1.12	1.14	1.62
49	2.15	1.12	1.14	1.65
50	2.22	1.12	1.14	1.68
51	2.30	1.12	1.14	1.71
52	2.39	1.12	1.14	1.74
53	2.49	1.12	1.14	1.77
54	2.59	1.13	1.14	1.80
55	2.70	1.13	1.14	1.83
56	2.64	1.13	1.14	1.87
57	2.58	1.14	1.14	1.90
58	2.52	1.14	1.14	1.94
59	2.46	1.14	1.14	1.97
60	2.40	1.14	1.13	2.01
61	2.34	1.14	1.13	2.05
62	2.28	1.14	1.12	2.08
63	2.21	1.13	1.11	2.11
64	2.14	1.13	1.10	2.14
65	2.07	1.13	1.09	2.17
66	2.01	1.13	1.07	2.20
67	1.94	1.13	1.06	2.23
68	1.88	1.13	1.05	2.27
69	1.82	1.13	1.04	2.31
70	1.76	1.13	1.03	2.36
71	1.70	1.13	1.02	2.40
72	1.65	1.13	1.01	2.43
73	1.60	1.13	1.01	2.44
74	1.56	1.13	1.01	2.46
75	1.52	1.13		2.47
76	1.48	1.12		2.49
77	1.44	1.12		2.50
78	1.41	1.12		2.50
79	1.37	1.12		2.50
80	1.34	1.12		2.50
81	1.30	1.12		2.50
82	1.27	1.12		2.50
83	1.24	1.12		2.50
84	1.22	1.12		2.50
85	1.20	1.12		2.50
86	1.18	1.12		2.50
87	1.16	1.12		2.50
88	1.14	1.12		2.50
89	1.12	1.12		2.50
90	1.10	1.12		2.50

**CUNA Mutual Insurance Society - Long Term Care  
Inflation Protection Riders  
Forms 2006-LTCR-CIP5L, 2006-LTCR-CIP3L, 2006-LTCR-SIP5L  
Rates Shown as Multipliers**

<b><u>Issue Age</u></b>	<b><u>5% Simple 2006-LTCR-SIP5L</u></b>	<b><u>3% Compound 2006-LTCR-CIP3L</u></b>	<b><u>5% Compound 2006-LTCR-CIP5L</u></b>
18-29	1.86	2.38	3.96
30-34	1.83	2.23	3.65
35-39	1.82	2.11	3.36
40-44	1.78	1.95	3.01
45	1.73	1.82	2.78
46	1.71	1.79	2.72
47	1.70	1.75	2.66
48	1.69	1.74	2.63
49	1.68	1.73	2.62
50	1.68	1.73	2.61
51	1.68	1.72	2.59
52	1.68	1.72	2.57
53	1.68	1.70	2.54
54	1.68	1.69	2.51
55	1.68	1.68	2.48
56	1.67	1.66	2.44
57	1.67	1.64	2.39
58	1.65	1.62	2.34
59	1.64	1.60	2.29
60	1.63	1.57	2.24
61	1.61	1.55	2.18
62	1.59	1.52	2.13
63	1.58	1.50	2.08
64	1.57	1.48	2.05
65	1.56	1.46	2.01
66	1.54	1.45	1.96
67	1.52	1.42	1.92
68	1.51	1.40	1.87
69	1.49	1.38	1.83
70	1.47	1.37	1.79
71	1.46	1.35	1.75
72	1.44	1.33	1.71
73	1.43	1.31	1.68
74	1.41	1.30	1.64
75	1.40	1.29	1.61
76	1.39	1.28	1.58
77	1.38	1.27	1.56
78	1.37	1.26	1.55
79	1.37	1.26	1.54
80	1.37	1.26	1.53
81	1.36	1.26	1.52
82	1.36	1.26	1.51
83	1.36	1.25	1.49
84	1.36	1.25	1.48
85	1.35	1.25	1.47
86	1.35	1.25	1.46
87	1.35	1.25	1.45
88	1.35	1.25	1.45
89	1.35	1.25	1.44
90	1.35	1.24	1.44



**CUNA Mutual Insurance Society – Long Term Care  
Elimination Period and Home Care Factors  
Discounts and Premium Mode Factors**

**Elimination Period Factors**

<b>30 day</b>	1.20
<b>60 day</b>	1.08
<b>90 day</b>	1.00
<b>100 day</b>	0.98
<b>180 day</b>	0.89

**Home Care Factors**

<b>Facility Only</b>	1.00
<b>50%</b>	1.05
<b>75%</b>	1.10
<b>100%</b>	1.14
<b>150%</b>	1.20
<b>200%</b>	1.27

**Discounts for Married and Preferred**

	<b><u>Standard</u></b>	<b><u>Preferred</u></b>	<b><u>Healthy Lifestyle</u></b>
<b>Single</b>	0%	10%	15%
<b>M - One Buying</b>	15%	25%	30%
<b>Couple</b>	35%	45%	50%

**Modal Premium Factors**

Annual	1.000
Semi-annual	0.520
Quarterly - Dir	0.270
Quarterly - ACH	0.235
Monthly - ACH	0.090

**CUNA Mutual Insurance Society – Long Term Care  
Miscellaneous Rider Premiums  
Shown as Multipliers**

	<b>SHARED EXTENDED EXPENSE RIDER <u>2006-LTCR-SEE(VA)</u></b>	<b>RESTORATION OF MAXIMUM BENEFIT RIDER <u>2002-LTCR-RMB</u></b>
<b>1 Year</b>	Not Available	1.10
<b>2 Year</b>	1.37	1.08
<b>3 Year</b>	1.37	1.06
<b>4 Year</b>	1.37	1.04
<b>5 Year</b>	1.37	1.02
<b>Life</b>	Not Available	Not Available

	<b>HOME CARE 10 DAY ELIMINATION PERIOD RIDER <u>2006-LTCR-HC10EP</u></b>
<b>30 day</b>	1.05
<b>60 day</b>	1.10
<b>90 day</b>	1.15
<b>100 day</b>	1.16
<b>180 day</b>	1.20

	<b>SPOUSE WAIVER OF PREMIUM AT DEATH RIDER <u>2006-LTCR-SPWPD(VA)</u></b>	<b>LIVING AT HOME RIDER <u>2006-LTCR-LAH</u></b>
<b>All</b>	1.10	1.04

**CMFG Life Insurance Company - Long Term Care**  
**Forms 2006-LTC-COMP(VA), 2006-LTCR-HC10EP, 2006-LTCR-CIP5L, 2006-LTCR-CIP3L,**  
**2006-LTCR-SIP5L, 2006-LTCR-SEE(VA), 2006-LTCR-ROP(VA), 2006-LTCR-ROP75(VA),**  
**2006-LTCR-NFB(VA), 2006-LTCR-SPWPD(VA), 2006-LTCR-LAH, 2002-LTCR-RMB**

**Basic Annual Premiums per \$100 Max. Monthly Facility Benefit**

**90-Day Elimination Period**

**Single, Standard**

**0% Home Care**

<u>Issue Age</u>	<u>1yr</u>	<u>2yr</u>	<u>3yr</u>	<u>4yr</u>	<u>5yr</u>	<u>Life</u>
18-29	\$4.79	\$7.58	\$9.58	\$11.17	\$12.77	\$19.95
30-34	5.99	9.58	12.17	14.16	16.36	25.54
35-39	7.58	11.97	15.16	17.76	20.15	31.72
40-44	9.38	14.76	18.75	21.95	25.14	39.30
45	10.77	17.36	21.75	25.54	29.13	45.89
46	11.37	18.15	22.74	26.73	30.52	47.88
47	11.77	18.95	23.74	27.93	31.92	50.07
48	12.17	19.55	24.54	28.73	32.92	51.67
49	12.57	19.95	25.14	29.33	33.72	51.87
50	12.77	20.35	25.54	30.12	34.31	53.87
51	12.97	20.75	26.13	30.72	35.11	55.86
52	13.37	21.55	26.93	31.72	36.31	57.86
53	13.97	22.14	27.93	32.92	37.51	59.85
54	14.36	23.14	28.93	33.92	38.90	61.85
55	14.96	23.94	30.12	35.91	40.50	63.84
56	15.76	25.14	31.92	37.91	41.90	65.84
57	16.56	26.53	33.92	39.90	43.89	69.83
58	17.56	27.93	35.91	41.90	47.88	73.82
59	18.75	29.93	37.91	43.89	49.88	79.80
60	19.95	31.92	39.90	47.88	53.87	83.79
61	21.95	33.92	43.89	49.88	57.86	89.78
62	23.94	37.91	45.89	53.87	61.85	97.76
63	25.94	39.90	49.88	59.85	67.83	105.74
64	27.93	43.89	53.87	63.84	73.82	113.72
65	29.93	47.88	59.85	69.83	79.80	123.69
66	31.92	51.87	63.84	75.81	85.79	135.66
67	35.91	55.86	71.82	83.79	95.76	149.63
68	39.90	63.84	79.80	93.77	105.74	167.58
69	43.89	69.83	87.78	103.74	117.71	185.54
70	47.88	77.81	97.76	113.72	131.67	205.49
71	53.87	85.79	109.73	127.68	145.64	229.43
72	59.85	97.76	121.70	143.64	163.59	257.36
73	67.83	109.73	137.66	161.60	185.54	289.28
74	77.81	123.69	155.61	181.55	207.48	327.18
75	87.78	137.66	173.57	205.49	233.42	367.08
76	97.76	155.61	195.51	229.43	261.35	408.98
77	107.73	171.57	215.46	253.37	289.28	452.87
78	117.71	187.53	237.41	277.31	317.21	498.75
79	129.68	205.49	259.35	305.24	347.13	546.63
80	141.65	225.44	283.29	331.17	379.05	594.51
81	153.62	243.39	307.23	361.10	412.97	646.38
82	165.59	265.34	333.17	391.02	446.88	700.25
83	179.55	287.28	361.10	424.94	486.78	762.09
84	195.51	311.22	391.02	458.85	524.69	823.94
85	209.48	335.16	420.95	492.77	564.59	885.78
86	223.44	357.11	450.87	528.68	604.49	947.63
87	239.40	381.05	478.80	562.59	642.39	1009.47
88	253.37	402.99	508.73	596.51	682.29	1071.32
89	267.33	426.93	538.65	630.42	722.19	1133.16
90	281.30	450.87	566.58	666.33	762.09	1193.01

**CUNA Mutual Insurance Society - Long Term Care  
Limited Pay Option, Nonforfeiture and Refund of Premium Riders**

Rates shown as Multipliers

<b>ISSUE AGE</b>	<b>PAY TO AGE 65 OR 10 YEARS OPTION</b>	<b>NON- FORFEITURE RIDER 2006-LTCR-NFB(VA)</b>	<b>REFUND OF PREMIUM AT DEATH PRIOR TO AGE 75 RIDER 2006-LTCR-ROP75(VA)</b>	<b>REFUND OF PREMIUM AT DEATH RIDER 2006-LTCR-ROP(VA)</b>
18-29	1.71	1.08	1.11	1.40
30-34	1.72	1.09	1.11	1.40
35-39	1.75	1.10	1.11	1.40
40-44	1.84	1.11	1.13	1.44
45	1.93	1.12	1.14	1.52
46	1.97	1.12	1.14	1.56
47	2.02	1.12	1.14	1.59
48	2.08	1.12	1.14	1.62
49	2.15	1.12	1.14	1.65
50	2.22	1.12	1.14	1.68
51	2.30	1.12	1.14	1.71
52	2.39	1.12	1.14	1.74
53	2.49	1.12	1.14	1.77
54	2.59	1.13	1.14	1.80
55	2.70	1.13	1.14	1.83
56	2.64	1.13	1.14	1.87
57	2.58	1.14	1.14	1.90
58	2.52	1.14	1.14	1.94
59	2.46	1.14	1.14	1.97
60	2.40	1.14	1.13	2.01
61	2.34	1.14	1.13	2.05
62	2.28	1.14	1.12	2.08
63	2.21	1.13	1.11	2.11
64	2.14	1.13	1.10	2.14
65	2.07	1.13	1.09	2.17
66	2.01	1.13	1.07	2.20
67	1.94	1.13	1.06	2.23
68	1.88	1.13	1.05	2.27
69	1.82	1.13	1.04	2.31
70	1.76	1.13	1.03	2.36
71	1.70	1.13	1.02	2.40
72	1.65	1.13	1.01	2.43
73	1.60	1.13	1.01	2.44
74	1.56	1.13	1.01	2.46
75	1.52	1.13		2.47
76	1.48	1.12		2.49
77	1.44	1.12		2.50
78	1.41	1.12		2.50
79	1.37	1.12		2.50
80	1.34	1.12		2.50
81	1.30	1.12		2.50
82	1.27	1.12		2.50
83	1.24	1.12		2.50
84	1.22	1.12		2.50
85	1.20	1.12		2.50
86	1.18	1.12		2.50
87	1.16	1.12		2.50
88	1.14	1.12		2.50
89	1.12	1.12		2.50
90	1.10	1.12		2.50

**CUNA Mutual Insurance Society - Long Term Care  
Inflation Protection Riders  
Forms 2006-LTCR-CIP5L, 2006-LTCR-CIP3L, 2006-LTCR-SIP5L  
Rates Shown as Multipliers**

<b><u>Issue Age</u></b>	<b><u>5% Simple 2006-LTCR-SIP5L</u></b>	<b><u>3% Compound 2006-LTCR-CIP3L</u></b>	<b><u>5% Compound 2006-LTCR-CIP5L</u></b>
18-29	1.86	2.38	3.96
30-34	1.83	2.23	3.65
35-39	1.82	2.11	3.36
40-44	1.78	1.95	3.01
45	1.73	1.82	2.78
46	1.71	1.79	2.72
47	1.70	1.75	2.66
48	1.69	1.74	2.63
49	1.68	1.73	2.62
50	1.68	1.73	2.61
51	1.68	1.72	2.59
52	1.68	1.72	2.57
53	1.68	1.70	2.54
54	1.68	1.69	2.51
55	1.68	1.68	2.48
56	1.67	1.66	2.44
57	1.67	1.64	2.39
58	1.65	1.62	2.34
59	1.64	1.60	2.29
60	1.63	1.57	2.24
61	1.61	1.55	2.18
62	1.59	1.52	2.13
63	1.58	1.50	2.08
64	1.57	1.48	2.05
65	1.56	1.46	2.01
66	1.54	1.45	1.96
67	1.52	1.42	1.92
68	1.51	1.40	1.87
69	1.49	1.38	1.83
70	1.47	1.37	1.79
71	1.46	1.35	1.75
72	1.44	1.33	1.71
73	1.43	1.31	1.68
74	1.41	1.30	1.64
75	1.40	1.29	1.61
76	1.39	1.28	1.58
77	1.38	1.27	1.56
78	1.37	1.26	1.55
79	1.37	1.26	1.54
80	1.37	1.26	1.53
81	1.36	1.26	1.52
82	1.36	1.26	1.51
83	1.36	1.25	1.49
84	1.36	1.25	1.48
85	1.35	1.25	1.47
86	1.35	1.25	1.46
87	1.35	1.25	1.45
88	1.35	1.25	1.45
89	1.35	1.25	1.44
90	1.35	1.24	1.44

**CUNA Mutual Insurance Society – Long Term Care  
Elimination Period and Home Care Factors  
Discounts and Premium Mode Factors**

**Elimination Period Factors**

<b>30 day</b>	1.20
<b>60 day</b>	1.08
<b>90 day</b>	1.00
<b>100 day</b>	0.98
<b>180 day</b>	0.89

**Home Care Factors**

<b>Facility Only</b>	1.00
<b>50%</b>	1.05
<b>75%</b>	1.10
<b>100%</b>	1.14
<b>150%</b>	1.20
<b>200%</b>	1.27

**Discounts for Married and Preferred**

	<b><u>Standard</u></b>	<b><u>Preferred</u></b>	<b><u>Healthy Lifestyle</u></b>
<b>Single</b>	0%	10%	15%
<b>M - One Buying</b>	15%	25%	30%
<b>Couple</b>	35%	45%	50%

**Modal Premium Factors**

Annual	1.000
Semi-annual	0.520
Quarterly - Dir	0.270
Quarterly - ACH	0.235
Monthly - ACH	0.090

**CUNA Mutual Insurance Society – Long Term Care  
Miscellaneous Rider Premiums  
Shown as Multipliers**

	<b>SHARED EXTENDED EXPENSE RIDER <u>2006-LTCR-SEE(VA)</u></b>	<b>RESTORATION OF MAXIMUM BENEFIT RIDER <u>2002-LTCR-RMB</u></b>
<b>1 Year</b>	Not Available	1.10
<b>2 Year</b>	1.37	1.08
<b>3 Year</b>	1.37	1.06
<b>4 Year</b>	1.37	1.04
<b>5 Year</b>	1.37	1.02
<b>Life</b>	Not Available	Not Available

	<b>HOME CARE 10 DAY ELIMINATION PERIOD RIDER <u>2006-LTCR-HC10EP</u></b>
<b>30 day</b>	1.05
<b>60 day</b>	1.10
<b>90 day</b>	1.15
<b>100 day</b>	1.16
<b>180 day</b>	1.20

	<b>SPOUSE WAIVER OF PREMIUM AT DEATH RIDER <u>2006-LTCR-SPWPD(VA)</u></b>	<b>LIVING AT HOME RIDER <u>2006-LTCR-LAH</u></b>
<b>All</b>	1.10	1.04

<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Certification of Compliance
<b>Comments:</b>	
<b>Attachment(s):</b>	VA Actuarial Certification 2006.pdf
<b>Item Status:</b>	Received & Acknowledged
<b>Status Date:</b>	01/04/2016
<b>Satisfied - Item:</b>	L&H Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	Act Memo - 2006 Series - VA Basis revised.pdf VA Rate Basis Appendix - 2006.xlsx
<b>Item Status:</b>	Received & Acknowledged
<b>Status Date:</b>	11/29/2016
<b>Satisfied - Item:</b>	Long Term Care Insurance Rate Request Summary
<b>Comments:</b>	
<b>Attachment(s):</b>	VA Rate Request Summary 2006 Rev.pdf
<b>Item Status:</b>	Received & Acknowledged
<b>Status Date:</b>	11/30/2016
<b>Satisfied - Item:</b>	Supplemental Information & Attachments
<b>Comments:</b>	
<b>Attachment(s):</b>	Assumptions Details Descriptions 123114.pdf Model Formulas (Dec 2014).pdf DOB Exhibit (Dec 2014).pdf Lapse Analysis Details (Dec 2014).pdf Total Persistency Comparisons (App D) (Dec 2014).pdf Mortality Analysis Details (Dec 2014).pdf Morbidity Analysis Details (Dec 2014).pdf Claim Reserve Retro Test (Dec 2014).pdf
<b>Item Status:</b>	Received & Acknowledged
<b>Status Date:</b>	01/04/2016
<b>Satisfied - Item:</b>	Policyholder Communication



<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

<b>Comments:</b>	<p>The following forms previously approved by the Department on December 21, 2015, under SERFF Tracking #CUNA-128867185 will be used for the policyholder communication:</p> <p>Policyholder Notice, form LTC PP CB VA Encl 10.26.15 Contingent Benefit Upon Lapse Option, form CBUL-DISC-2014(VA)</p> <p>The attached LTC Enclosure 06 will also be included.</p>
<b>Attachment(s):</b>	LTC Enclosure 06 1215.pdf
<b>Item Status:</b>	Received & Acknowledged
<b>Status Date:</b>	01/04/2016
<b>Satisfied - Item:</b>	Current Rates
<b>Comments:</b>	
<b>Attachment(s):</b>	Original Rates 2006.pdf
<b>Item Status:</b>	Received & Acknowledged
<b>Status Date:</b>	01/04/2016
<b>Satisfied - Item:</b>	State Filing Grid
<b>Comments:</b>	
<b>Attachment(s):</b>	VA 2006 State Filing Grid 6.6.16.pdf
<b>Item Status:</b>	Received & Acknowledged
<b>Status Date:</b>	11/21/2016
<b>Satisfied - Item:</b>	Response to 1/4/2016 Objection with Supporting Documents
<b>Comments:</b>	
<b>Attachment(s):</b>	<p>Virginia 2006 Response 3.22.16 FINAL.pdf Exhibit 1 - A to E Comparisons - VA 2006.xlsx Exhibit 2 - VA 2006 - expanded.xlsx Assumptions Details Descriptions 123114.pdf Mortality Analysis Details (Dec 2014).pdf Total Persistency Comparisons (App D) (Dec 2014).pdf Lapse Analysis Details (Dec 2014).pdf Morbidity Analysis Details (Dec 2014).pdf Exhibit 3 - Original Pricing LR - 2006.xlsx MAE Sensitivity - 2006.xlsx Exhibit 4 - VA 2006 Loss Ratio A2E.xlsx</p>
<b>Item Status:</b>	Received & Acknowledged
<b>Status Date:</b>	04/11/2016
<b>Satisfied - Item:</b>	Response to 4/11/16 Objections with Supporting Documents
<b>Comments:</b>	

<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
<b>Product Name:</b>	2006 LTC Product		
<b>Project Name/Number:</b>	2015 LTC Rate Increase/		

<b>Attachment(s):</b>	VA 2006 Responses 041116 FINAL.pdf VA Rate Basis Appendix - 2006 V2.xlsx Standard Operating Procedures Overview_LTC Administration V2.pdf LTC Claim Overview_CMFG_CHCS.pdf Appendix B - Rate Increase Since Inception - 2006.xlsx
<b>Item Status:</b>	Received & Acknowledged
<b>Status Date:</b>	11/21/2016

<b>Satisfied - Item:</b>	Response to 5/25/16 Objections with Supporting Documents
<b>Comments:</b>	
<b>Attachment(s):</b>	Virginia 2006 Response.pdf VA Rate Basis Appendix - 2006 V3.xlsx
<b>Item Status:</b>	Received & Acknowledged
<b>Status Date:</b>	11/21/2016

State:	Virginia	Filing Company:	CMFG Life Insurance Company
TOI/Sub-TOI:	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified		
Product Name:	2006 LTC Product		
Project Name/Number:	2015 LTC Rate Increase/		

***Attachment VA Rate Basis Appendix - 2006.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Exhibit 1 - A to E Comparisons - VA 2006.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Exhibit 2 - VA 2006 - expanded.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Exhibit 3 - Original Pricing LR - 2006.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment MAE Sensitivity - 2006.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Exhibit 4 - VA 2006 Loss Ratio A2E.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment VA Rate Basis Appendix - 2006 V2.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Appendix B - Rate Increase Since Inception - 2006.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment VA Rate Basis Appendix - 2006 V3.xlsx is not a PDF document and cannot be reproduced here.***

VIRGINIA  
ACTUARIAL CERTIFICATION

INSURER: CMFG Life Insurance Company

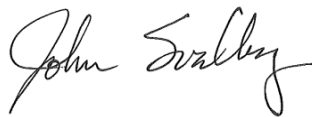
NAIC NO.: 62626

SUBMISSION Rates for 2006-LTC-COMP(VA), 2006-LTCR-HC10EP,  
2006-LTCR-CIP5L, 2006-LTCR-CIP3L, 2006-LTCR-SIP5L  
2006-LTCR-SEE(VA), 2006-LTCR-ROP(VA),  
2006-LTCR-ROP75(VA), 2006-LTCR-NFB(VA),  
2006-LTCR-SPWPD(VA), 2006-LTCR-LAH

I have reviewed the enclosed rate filing and certify that, to the best of my knowledge and belief, the enclosed submission is consistent and complies with the requirements of Title 38.2 of the Code of Virginia and the regulations promulgated pursuant thereto.



James Switzer, FSA, MAAA, CERA  
Actuary, Corporate Actuarial



John Svedberg, FSA, MAAA  
Director and Actuary, Corporate Actuarial

December 30, 2015

Date:

**November 23, 2016**

**Actuarial Memorandum Supporting Rate Revision for  
CMFG Life Insurance Company  
Individual Long-Term Care Insurance Plan  
2006 Product  
(Page 1 of 5)**

**1. SCOPE AND PURPOSE**

The purpose of this memorandum is to provide actuarial information supporting a rate revision to premiums for CMFG Life Insurance Company's (the Company) individual long-term care product form series 2006-LTC-COMP and associated riders. This product is referred to as the 2006 Product. (Some riders may not be available in all states.)

This product was sold nationwide from 2006 to 2010 and is no longer being marketed in any state.

The Company is requesting a 99.5% rate increase; an initial 50% rate increase followed by an additional 33% increase two years later. The rate increase is necessary because the current estimate of the nationwide lifetime loss ratio is in excess of expected. This rate filing is not intended to be used for other purposes.

The body of this actuarial memorandum was written to apply to each state where this product was issued. Any reference to information that is specific to a particular state is included in Appendix A.

Please refer to Section 27 for a description of the information contained in each Appendix.

**2. DESCRIPTION OF BENEFITS**

This product provides comprehensive long-term care coverage on an expense reimbursement basis up to policy limits. A benefit period, elimination period, monthly benefit, home health care percentage and inflation protection option were selected at issue. Several additional optional benefits were available such as nonforfeiture benefits, expanded spousal benefits and limited premium payment options. The benefit eligibility criteria are based on the insured's loss of the ability to perform Activities of Daily Living (ADLs) or having a severe cognitive impairment. The available benefit choices can be found in the rate tables that accompany this filing. A complete description of the benefit provisions and conditions for eligibility is contained in the policy form and riders on file with the state.

**3. RENEWABILITY CLAUSE**

This product is a Guaranteed Renewable, Individual Long Term Care policy.

**4. MARKETING METHOD**

This product was marketed to individuals by licensed agents. This product is not currently being marketed.

**5. UNDERWRITING**

All policies subject to this rate revision were subject to full medical underwriting in accordance with Company standards in place at the time of issue. Those underwriting standards were taken into consideration when projecting future experience.

## 6. APPLICABILITY

The revised rates will be applicable to the product described in Section 1.

## 7. MORBIDITY

The morbidity assumptions are based on a combination of the Company's historical claim experience from 2006 through December 31, 2014, the Milliman 2014 *Long Term Care Guidelines (Guidelines)* and judgment. The *Guidelines* reflect over \$25 billion of insured data and the experience and judgment of Milliman actuaries. The claim cost assumptions reflect the Company's current best estimate of future morbidity, including future improvement of 1% per year through 2029. The assumptions include a 10% load to future claims for moderately adverse experience.

## 8. MORTALITY

Mortality assumptions are based on Company experience from 2006 through December 31, 2014 and judgment. The best estimate mortality assumption is the Annuity 2000 Mortality Table on a sex distinct basis, projected forward with mortality improvement to 2029. Mortality improvement was based on 100% of Scale G for males and 50% of Scale G for females. The ultimate mortality table in 2029 was smoothed slightly to maintain a reasonable relationship of mortality rates between males and females. Mortality selection factors are also applied, starting at 0.20 in duration 1 and grading up to 0.95 in duration 14.

## 9. PERSISTENCY

Voluntary lapse assumptions are based on Company experience from 2006 through December 31, 2014 and judgment. Lapse rates are combined with mortality rates to derive the total termination rate. We assumed all remaining policies would terminate at attained age 120. The lapse assumptions represent the best estimate expectations of future experience and do not include any provisions for adverse experience. Lapse rates are shown below and vary by premium payment option and policy duration.

<u>Policy Duration</u>	<u>Premium Payment Option:</u>	
	<u>Limited Pay</u>	<u>Lifetime Pay</u>
1	2.0%	6.0%
2	2.0	4.0
3	2.0	3.0
4	1.0	2.0
5	1.0	2.0
6	1.0	1.5
7	0.0	1.5
8	0.0	1.5
9	0.0	1.0
10+	0.0	1.0

Appendix D contains a comparison of the actual total termination rates to both the original pricing assumptions and current assumptions.

## **10. EXPENSES**

Expenses are not being projected. It is assumed that the originally filed expense assumptions are appropriate.

## **11. PREMIUM CLASSES**

The rate revision will be applied as a consistent percentage to all premium classes.

## **12. ISSUE AGE RANGE**

This product was available for issue ages 18 to 90. Premiums are based on issue age.

## **13. AREA FACTORS**

The Company did not use area factors within the state in the premium scale for this product.

## **14. AVERAGE ANNUAL PREMIUM**

The average annual premium for this product both prior to the impact of the requested rate increase, and after, is indicated in Appendix A to this memorandum.

## **15. MODAL PREMIUM FACTORS**

The modal premium factors will remain unchanged from the current factors.

## **16. CLAIM LIABILITY AND RESERVE**

Claim reserves were calculated using appropriate actuarial methods for IBNR and for open claims on a disabled life basis. The claim reserves were discounted to the date of incurral for each claim and have been included in the historical incurred claims.

## **17. ACTIVE LIFE RESERVES**

We have provided supporting evidence for the justification of the proposed increase based on the relationship of incurred claims divided by earned premium compared to the minimum loss ratio. Incurred claims are calculated without the impact of the change in active life reserves.

## **18. TREND ASSUMPTION**

Benefits payable are equal to or less than the daily benefit limit. We have not included any medical trend in the projections.

## **19. MAXIMUM ALLOWABLE RATE INCREASE**

The maximum allowable rate increase is shown in Appendix A under two different approaches. The first approach applies to policies sold prior to the rate stabilization regulation date and is based on a minimum loss ratio. The state's rate stabilization regulation date (if applicable) and minimum loss ratio are shown in Appendix A. The second approach applies to policies sold on or after the rate stabilization regulation

date and is based on a 58% loss ratio on the initial premium and an 85% loss ratio on the increased premium. The requested rate increase is less than the maximum allowed increase under either approach.

## **20. DISTRIBUTION OF BUSINESS**

The historical experience reflects the actual distribution of policies during the experience period. The projected future experience is based on a seriatim projection of the current inforce policies.

## **21. EXPERIENCE – PAST AND FUTURE**

The historical and projected experience, both with and without the requested rate increase(s), is contained in Appendices B and C. The premium in Appendix B is shown on this state's rate basis (applying the level of this state's rate increase(s) to every state). Policy design, underwriting, and claim adjudication practices have been taken into consideration during the analysis of historical and projected experience, as set forth in 14VAC5-200-153 B. 3. d.

## **22. LIFETIME LOSS RATIO**

The development of the anticipated nationwide lifetime loss ratio, both without a rate increase and with the requested rate increase(s), is shown in Appendix B. An annual interest rate of 4.00% was used to calculate the lifetime loss ratio in the supporting appendices and was determined based on a weighted average of statutory valuation rates by policies sold by issue year. The initial rate increase of 50% is assumed effective January 1, 2016 (for simplicity, in the projections only, the impact of any rate guarantee period has not been modeled and the rate increase is conservatively assumed to occur on January 1, 2016). The second rate increase of 33% is assumed effective January 1, 2018.

## **23. HISTORY OF RATE ADJUSTMENTS**

Please refer to Appendix A for the history of any rate adjustments that have been approved in this state.

## **24. NUMBER OF POLICYHOLDERS**

Please refer to Appendix A for the current number of policyholders as of December 31, 2014 in this state.

## **25. PROPOSED EFFECTIVE DATE**

This rate will be implemented as soon as possible after approval has been granted as allowed based on regulation. For policies still inside a rate guarantee period, the rate increase will become effective after the rate guarantee period has expired.

## **26. RELATIONSHIP OF RENEWAL PREMIUM TO NEW BUSINESS PREMIUM**

The Company is no longer selling any new proprietary long-term care products. Therefore, the comparison of renewal premium rates after the rate increase to the Company's current new business premium rate schedule is not applicable.



## 27. SUMMARY OF APPENDICES

Appendix A contains information that is specific to the state in which this filing is made, such as the average annual premium, the number of policyholders inforce, etc.

Appendix B contains historical and projected nationwide experience for all policies issued under this product. The appendix also includes the projected lifetime loss ratios both without and with the proposed increase.

Appendix C contains the historical and projected experience of only the policies issued in the state.

Appendix D contains a comparison of the actual total termination rates to both the original pricing assumptions and current assumptions.

## 28. ACTUARIAL CERTIFICATION

I, James Switzer, am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the Academy's qualification standards for preparing health rate filings.

I, John Svedberg, am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the Academy's qualification standards for preparing health rate filings.

To the best of our knowledge and judgment this rate filing is in compliance with the applicable laws and regulations of this State as they relate to premium rate developments and revisions. This memorandum complies with all applicable Actuarial Standards of Practice, including ASOP No. 8.

The projected experience shown in this Memorandum is based on assumptions that include provisions for moderately adverse experience. If the requested premium rate schedule increases are implemented and the underlying assumptions, which reflect moderately adverse conditions, are realized, no further premium rate schedule increases are anticipated. In our opinions, the rates are not excessive or unfairly discriminatory.



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James Switzer, FSA, MAAA, CERA  
Actuary, Corporate Actuarial



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John Svedberg, FSA, MAAA  
Director and Actuary, Corporate Actuarial

**CMFG Life Insurance Company  
2006 Product  
Appendix A  
State-Specific Information**

**CMFG Life Insurance Company  
2006 Product  
Appendix B  
Historical and Project Experience  
Nationwide**

**CMFG Life Insurance Company  
2006 Product  
Appendix C  
Historical and Projected Experience  
State-Specific**

**CMFG Life Insurance Company**  
**2006 Product**  
**Appendix D**  
**Comparison of actual total termination rates**  
**to original pricing and current assumptions**

Long Term Care Insurance Rate Request Summary  
Part 1 – To Be Completed By Company

Reset Form

Company Name and NAIC Number:	CMFG Life Insurance Company 62626
SERFF Tracking Number:	CUNA-130384266
Effective Date:	Upon Approval

Revised Rates

Average Annual Premium Per Member:	\$3106
Average Requested Percentage Rate Change Per Member:	99.5%
Minimum Requested Percentage Rate Change Per Member:	99.5%
Maximum Requested Percentage Rate Change Per Member:	99.5%
Number of Policy Holders Affected :	1171

Plans Affected

(The Form Number and “Product Name”)

Form#	“Product Name”(if applicable)
2006-LTC-COMP(VA) 2006-LTCR-HC10EP 2006-LTCR-CIP5L 2006-LTCR-CIP3L 2006-LTCR-SIP5L 2006-LTCR-SEE(VA) 2006-LTCR-ROP(VA) 2006-LTCR-ROP75(VA) 2006-LTCR-NFB(VA) 2006-LTCR-SPWPD(VA) 2006-LTCR-LAH	Long Term Care Insurance Policy Home and Community Care 10-Day Elimination Period Rider Inflation Protection Rider - 5% Compound Lifetime Inflation Protection Rider - 3% Compound Lifetime Inflation Protection Rider - 5% Simple Lifetime Shared Extended Expense Rider Return of Premium at Death Rider Return of Premium at Death Prior to Age 75 Rider Nonforfeiture Benefit Rider Spouse or Partner Waiver of Premium at Death Rider Living at Home Rider

Attach a brief narrative to summarize the key information used to develop the rates including the main drivers for the revised rates.

***This document is intended to help explain the rate filing and it is only a summary of the company’s request. It is not intended to describe or include all factors or information considered in the review process. For more detailed information, please refer to the complete filing.***

**CMFG Life Insurance Company      62626**

**SERFF Tracking #CUNA-130384266  
2006 Product**

**Health Insurance Rate Request Summary Attachment**

**Brief Narrative**

**CMFG Life is seeking premium rate increases on its Long Term Care Insurance (LTC) products because current estimates of lifetime “loss ratios” (i.e., benefits paid to our policyholders, divided by premiums received from those policyholders) are in far in excess of those assumed when our products were priced. The primary drivers of the higher-than-expected loss ratios are higher policy persistency experience and less favorable morbidity projections than expected in original pricing. As a result, the Company will ultimately pay out much more in total claims than was originally expected.**

**The Company is requesting a cumulative premium rate increase of 99.5%; an initial 50% rate increase followed by an additional 33% increase two years later. The Company offers each impacted policyholder various options, as described in the policyholder notification letter, to keep premiums at an affordable level and reduce the rate increase impact.**

## **CMFG Life Insurance Company Long Term Care Insurance Rate Increase Filings**

### **SUPPLEMENTAL INFORMATION – KEY ASSUMPTIONS**

#### **CONFIDENTIAL**

CMFG Life Insurance Company (CMFG Life) is seeking rate increases on its Long Term Care Insurance (LTC) products because current estimates of lifetime loss ratios are in excess of expected. Persistency experience is the *primary* driver of our higher-than-expected loss ratios. The Company's LTC policy voluntary lapse rates and mortality experience are both emerging well below initial pricing assumptions, especially for older products.

Lapses, mortality and morbidity business drivers are inter-related, and we have not isolated each assumption to determine the independent impact of each. Although morbidity projections are also less favorable than expected in original pricing, the overwhelming issues are lower lapse and mortality rates; as a result, the Company will ultimately pay out much more in claims than was originally expected. We are now projecting lifetime loss ratios far in excess of what was assumed when the product was priced.

#### ***Model***

The projections of future experience were modeled using Milliman's modeling software, MG-ALFA. The assumptions and methodology are listed in the Actuarial Memorandum supporting the rate increase filing and described in further detail in this document. The attached file called "Model Formulas" provides further information on the formulas used to calculate the key components of the loss ratio. The model used the inforce policies as of 12/31/2014. The file called "DOB Exhibit" contains a distribution of business for each product by the key demographic and benefit characteristics.

#### ***Lapse Study Details***

Voluntary lapse rates were determined based on two approaches. In the first method, "actual lapses" were determined by subtracting actual deaths from total terminations. In the second method, "implied lapses" were determined by subtracting expected deaths from total terminations. To the extent that the actual deaths are understated (due to incorrect coding of Social Security Numbers), actual mortality will increase while actual lapses will decrease under the second method. The total termination rates will not change.

The lapse study is based fully upon CMFG Life's own experience, for all four proprietary LTC products, from inception. All of the business is individual; no group LTC experience is included. The study includes *only lifetime pay* policies; it excludes policies that were issued as single pay, 10 pay and paid-up at 65.

Detailed results of CMFG Life's internal lapse study are provided in the attached file called "Lapse Analysis Details". Exhibits provide the number of exposures and *total terminations* for each policy duration, in total (for the entire LTC block of four products), by gender, by product (for each of the four products), by marital status, and by inflation protection option. The current voluntary lapse rate assumptions are shown alongside the actual and *implied* voluntary lapse rates for each duration on each exhibit. Also included in this response is a file called "Total Persistency Comparisons (App D)", which contains a persistency summary. It shows a comparison of actual persistency experience to what was assumed in original pricing and to our current assumptions -- in total and by product.



### ***Mortality Study Details***

The analysis was built on the exposure calculations used in our incurred claim analysis. Actual deaths were determined using two techniques. First, an individual's Social Security Number was compared against the Social Security Death Master File to identify deceased individuals. Second, the policy termination reason code of "death" was used. A terminated policy was considered a death if the policyholder was determined to have died under either approach.

Expected mortality is based upon the Annuity 2000 table projected forward using Scale G (100% for males and 50% for females), along with mortality selection factors. The 2002 and 2006 Products have slightly lower mortality experience than the 1993 and 1997 Products. The mortality selection factors for the 1993 and 1997 Products start at 0.20 in year 1, grading up by 0.1 per year to 1.0 in year 9. The mortality selection factors for the 2002 and 2006 Products also start at 0.20 in duration 1 but grade to an ultimate of 0.95 in duration 14. The central point of the study period was 2009; therefore, the mortality table was projected to 2009 and used throughout the study. (Note that the *projections* assume continued mortality improvement, on same bases, to 2029. This is consistent with our assumption that morbidity will improve at the rate of 1% per year through 2029.)

The mortality study is based fully upon CMFG Life's own experience, for all four proprietary LTC products, from inception. All of the business is individual; no group experience is included.

Detailed results of CMFG Life's internal mortality study are provided in the attached file called "Mortality Analysis Details". Exhibits provide the number of exposures and *total terminations* for the entire LTC block of four products, by policy duration, by attained age, by gender, by product (for each of the four products), and by marital status. "Actual to Expected" mortality ratios are shown alongside the actual and expected mortality rates on each exhibit. As noted above, also included is a file called "Total Persistency Comparisons (App D)", which contains a persistency summary. It shows a comparison of actual persistency experience to what was assumed in original pricing and to our current assumptions -- in total and by LTC plan.

### ***Morbidity Study Details***

A claim experience analysis was performed on all of the Company's LTC business in order to develop appropriate morbidity assumptions for the loss ratio projections. Projection assumptions are based on a combination of CMFG Life's LTC historical claim experience, Milliman's 2014 LTC *Guidelines* and judgment. The *Guidelines* provide a flexible, but consistent, basis for the determination of claim costs for a wide variety of long term care benefit packages and are based on over \$25 billion of incurred LTC claims and 29 million life years of exposure. In addition to the information provided in this section, please see the file called "Morbidity Analysis Details", included with this response.

CMFG Life's claim experience was analyzed by incidence, severity, and incurred claims. The primary finding from the claim analysis was that the Company's overall claim experience fit reasonably well to the *Guidelines*. Limited adjustments were then made to the *Guidelines*, to develop a better fit to actual experience by product.

### **Claim Reserve Review**

As the majority of incurred claims is derived from the claim reserve (\$57.0 million incurred claims is made up of approximately \$24.7 million paid claims and \$32.4 remaining claim reserve), any assessment of the Company's incurred claims would be heavily impacted by the accuracy of the claim reserves. Therefore, a high level retrospective test was conducted to review the claim

reserves. Historical reserve balances, along with historical claim payment amounts, were used. Over the five prior year-ends tested (2008, 2009, 2010, 2011, and 2012), the claim reserve has been sufficient in all years. Please see the file called “Claim Reserve Retro Test” for further details. Therefore, it was concluded that the claim reserves were a reasonable basis to use in the incurred claim analysis.

#### Claim Analysis Approach

The approach to developing a set of morbidity assumptions for projections was first to establish initial Baseline Expectations, based on the underwriting, claim management practices, and benefit design for each of CMFG Life’s products. The starting assumptions were based on Milliman’s *Guidelines*. Next, factors were established for each of our products.

More specifically, Baseline Expectations were comprised of the following factors:

- 1) Ultimate Claim Costs – Claim costs were generated using Milliman’s claim cost model which reflected differences in benefit design, age, and gender.
- 2) Selection Factors – The underwriting for each product was aligned to one of Milliman’s underwriting categories. Underwriting for the 1993 and 1997 products was approximately done at the “Moderate” level. Underwriting for the 2002 and 2006 products was a blend of “Tight” and “Moderate” levels, with higher proportions of “Tight” as issue ages increased.
- 3) Salvage Factors – Salvage factors were used to reflect that the CMFG Life maximum benefits will not be paid out, depending on the benefit design. An LTC inflation rate of 5.0% was assumed in determining the rate at which LTC expenses increase (and resulting salvage values).
- 4) Claim Management Factor – Based on the level of claim management CMFG Life conducts, a 5% reduction to claims was assumed.
- 5) Area Factors – For each product, the actual utilization differences by state were determined and a composite area factor was developed.
- 6) Risk Class Factors – The morbidity difference for each risk class was reflected in the risk class factor. Outside of the substandard factors, the risk class factors composite approximately to 1.00.
- 7) Additional Rider Factors – Several products have riders which include benefits above what is normally included in the *Guidelines*. The general approach was to apply a claim cost factor equal to the premium loads for the rider.

Table 1 shows that, overall, CMFG Life’s claim experience (01/01/02 – 12/31/14) fits reasonably well to the Baseline Expectations. (Note that incurred claims on Waiver of Premium are not included in the Table 1 numbers.)

Table 1  
CMFG Life LTC Products – Actual to “Baseline Expected” Claims

	<u>Actual</u>	<u>Baseline Expected*</u>	<u>Actual to Expected</u>
Life Yrs of Exposure	270,256	N/A	N/A
Count of Claims	660	686	96%
Severity per Claim	\$86,356	\$81,290	106%
Incurred Claims	\$57.0 million	\$55.8 million	102%

\* The Baseline Expected is based on Milliman’s LTC Guidelines without any Product fitting factors.

Table 2 provides additional insights about the variability of experience by product. (Note that incurred claims on Waiver of Premium are not included in the Table 2 numbers.)

Table 2  
CMFG Life LTC Products – Actual to “Baseline Expected” Claims

<u>Product</u>	<u>Actual Incurred Claims</u>	<u>Baseline Expected* Incurred Claims</u>	<u>Actual to Expected</u>
1993	\$ 5.8 Million	\$ 7.0 Million	82%
1997	13.2	10.5	126%
2002	27.3	29.5	93%
2006	10.7	8.8	122%
Total	\$ 57.0 Million	\$ 55.8 Million	102%

\* The Baseline Expected is based on Milliman’s LTC Guidelines without any Product fitting factors.

Please note that the expected claims in Tables 1 and 2 do not include any Product fitting factors. The expected claims shown in the file “**Morbidity Analysis Details**” do include the Product fitting factors.

8) Product Factors – The final step of the claim analysis was to review the experience by product. Since the experience of each product was not credible by itself, judgment, along with the experience on each product, was considered. The 1993 Product has very little credibility and experience in recent years has been fairly close to the “baseline expectations”, so a constant factor of 1.00 was selected. The 1997 Product has significantly worse experience, although not fully credible. It is anticipated that over time, the experience will trend back towards the Guidelines; however, it likely will remain at an elevated level. Therefore, the product factor for 1997 Product starts at 1.20 and grades down to 1.10 by 2022. The 2002 Product has lower actual claims than expected, although the majority of the experience is in the underwriting select period. Therefore, a product factor of 0.85 was selected. The 2006 Product has higher actual claims than expected, therefore a product factors of 1.01 was selected.

(Note that the *projections* assume morbidity will improve at the rate of 1% per year through 2029. This is consistent with our assumption that mortality will improve for 15 years into the future.)

## General Model Framework

The formulas listed below describe the calculations used in the model to determine the lifetime loss ratio. The model makes further, more complex calculations in order to consider the timing related to different modal options. The assumptions and other methodologies are further described in the Actuarial Memorandum filed with the state.

### Lives Calculations

$$lx(t) = lx(t-1) * (1-qxd(t)) * (1-qxw(t)),$$

where,

$lx(t)$  is the number of lives at time  $t$

$x$  is the issue age of the policy

$qxd(t)$  is the mortality rate for time  $t$

$qxw(t)$  is the voluntary lapse rate for time  $t$

Note: Policies that exhaust benefits are also decremented from the population.

### Premium Calculation

$$PP(t) = lx(t-1) * \text{modal\_premium} * \text{modal\_indicator}$$

$$EP(t) = PP(t) + [UePR(t) - UePR(t-1)]$$

where,

$PP(t)$  is the paid premium in month  $t$ .

$\text{modal\_indicator}$  is the a flag used to indicate if a premium is paid during the month, based on the bill mode of the policy.

$EP(t)$  is the earned premium in month  $t$ .

$UePR(t)$  is the unearned premium reserve at time  $t$ .

Note: Waived premium is included in the premium calculation

### Incurred Claim Calculation

$$IC(t) = lx(t-1) * CC(t) * SF(t) * \text{salvage}(t) * \text{clm\_mgt} * \text{composite\_area} * \text{risk\_class} * j\_prime(t) * \text{morb\_improvement}(t) * DB(t) * WOP\_load$$

where,

$IC(t)$  is the incurred claims in month  $t$

$CC(t)$  is the claim cost per \$1 daily benefit at time  $t$  (based on the policy benefits and demographics such as product, benefit period, elimination period, type of coverage and various riders).

$SF(t)$  is the selection factor for month  $t$ .

$\text{salvage}(t)$  is the salvage factor for month  $t$  (reflects that the full daily benefits are not paid out).

$\text{clm\_mgt}$  is the claim management factor to reflect the level of claim management CUNA Mutual conducts.

$\text{composite\_area}$  is the composite area factor for a product to reflect the utilization differences by state (one composite factor is used for each product based on the distribution by state).

## General Model Framework

Risk\_class is the risk class factor which reflects the different morbidity levels for each risk class.

j-prime(t) is the factor to convert all lives ( $l_x(t-1)$ ) to active, healthy lives. The claim cost assumptions should only be applied to those people not already on claim.

morb\_improvement(t) is the future morbidity improvement factor for month t.

DB(t) is the current daily benefit at time t (i.e. daily benefit increased for any inflation benefit option).

WOP\_Load is the load to include waiver of premium costs in incurred claims.

### Lifetime Loss Ratio

$$LR = (\text{Accum\_IC} + \text{PV\_IC}) / (\text{Accum\_EP} + \text{PV\_EP}),$$

where,

LR is the lifetime loss ratio as of 12/31/2014.

Accum\_IC is the historical incurred claims accumulated with interest to 12/31/2014.

PV\_IC is the future incurred claims discounted with interest to 12/31/2014.

Accum\_EP is the historical earned premium accumulated with interest to 12/31/2014.

PV\_EP is the future earned premium discounted with interest to 12/31/2014.

For the purposes of accumulating and discounting, a middle of the year timing is assumed.

**CMFG Life Insurance Company**  
**Distribution of Inforce Business as of December 31, 2014**  
**All Policies - Nationwide**

Issue Year	1993 Product				1997 Product			
	Count	% of Count	Premium	% of Premium	Count	% of Count	Premium	% of Premium
1993	23	7.9%	31,778	6.7%	0	0.0%	0	0.0%
1994	46	15.8%	65,641	13.9%	0	0.0%	0	0.0%
1995	80	27.5%	140,534	29.8%	0	0.0%	0	0.0%
1996	96	33.0%	164,839	35.0%	0	0.0%	0	0.0%
1997	35	12.0%	54,236	11.5%	26	1.2%	33,716	1.1%
1998	9	3.1%	12,171	2.6%	225	10.0%	285,854	9.6%
1999	2	0.7%	1,691	0.4%	585	26.0%	611,476	20.6%
2000	0	0.0%	0	0.0%	448	19.9%	561,266	18.9%
2001	0	0.0%	0	0.0%	429	19.1%	672,385	22.7%
2002	0	0.0%	0	0.0%	371	16.5%	548,667	18.5%
2003	0	0.0%	0	0.0%	150	6.7%	222,467	7.5%
2004	0	0.0%	0	0.0%	14	0.6%	28,857	1.0%
Total	291	100.0%	470,890	100.0%	2,248	100.0%	2,964,688	100.0%

Issue Age	Count	% of Count	Premium	% of Premium	Count	% of Count	Premium	% of Premium
20-25	0	0.0%	0	0.0%	1	0.0%	245	0.0%
25-30	0	0.0%	0	0.0%	28	1.2%	10,744	0.4%
30-35	0	0.0%	0	0.0%	126	5.6%	48,820	1.6%
35-40	2	0.7%	1,451	0.3%	169	7.5%	72,895	2.5%
40-45	1	0.3%	1,026	0.2%	195	8.7%	133,738	4.5%
45-50	11	3.8%	10,263	2.2%	309	13.7%	279,984	9.4%
50-55	43	14.8%	47,777	10.1%	439	19.5%	493,170	16.6%
55-60	50	17.2%	65,286	13.9%	430	19.1%	617,702	20.8%
60-65	88	30.2%	130,292	27.7%	315	14.0%	598,897	20.2%
65-70	62	21.3%	122,528	26.0%	154	6.8%	448,375	15.1%
70-75	32	11.0%	84,187	17.9%	69	3.1%	194,815	6.6%
75-80	2	0.7%	8,081	1.7%	14	0.6%	64,188	2.2%
80-85	0	0.0%	0	0.0%	2	0.1%	4,692	0.2%
Total	291	100.0%	470,890	100.0%	2,251	100.0%	2,968,263	100.0%

Average Issue Age                      61.1                      52.0

Attained Age	Count	% of Count	Premium	% of Premium	Count	% of Count	Premium	% of Premium
20-25	0	0.0%	0	0.0%	0	0.0%	0	0.0%
25-30	0	0.0%	0	0.0%	0	0.0%	0	0.0%
30-35	0	0.0%	0	0.0%	0	0.0%	0	0.0%
35-40	0	0.0%	0	0.0%	7	0.3%	4,195	0.1%
40-45	0	0.0%	0	0.0%	39	1.7%	20,498	0.7%
45-50	0	0.0%	0	0.0%	99	4.4%	42,401	1.4%
50-55	0	0.0%	0	0.0%	140	6.2%	76,994	2.6%
55-60	2	0.7%	1,451	0.3%	195	8.7%	153,663	5.2%
60-65	1	0.3%	1,026	0.2%	303	13.5%	311,732	10.5%
65-70	16	5.5%	16,737	3.6%	463	20.6%	556,070	18.7%
70-75	49	16.8%	54,749	11.6%	387	17.2%	565,665	19.1%
75-80	63	21.6%	85,151	18.1%	280	12.4%	570,646	19.2%
80-85	160	55.0%	311,776	66.2%	338	15.0%	666,398	22.5%
Total	291	100.0%	470,890	100.0%	2,251	100.0%	2,968,263	100.0%

Average Attained Age                      79.7                      70.2

Gender	Count	% of Count	Premium	% of Premium	Count	% of Count	Premium	% of Premium
Male	106	36.4%	173,975	36.9%	861	38.2%	1,171,566	39.5%
Female	185	63.6%	296,916	63.1%	1,390	61.8%	1,796,698	60.5%
Total	291	100.0%	470,890	100.0%	2,251	100.0%	2,968,263	100.0%

**CMFG Life Insurance Company**  
**Distribution of Inforce Business as of December 31, 2014**  
**All Policies - Nationwide**

1993 Product					1997 Product			
	Count	% of Count	Premium	% of Premium	Count	% of Count	Premium	% of Premium
<b>Inflation Protection</b>								
None	124	42.6%	175,673	37.3%	762	33.9%	825,970	27.8%
Future Purchase Option	49	16.8%	101,482	21.6%	93	4.1%	176,451	5.9%
5% Simple - Twenty Years	0	0.0%	0	0.0%	248	11.0%	435,882	14.7%
5% Simple - Lifetime	0	0.0%	0	0.0%	284	12.6%	354,080	11.9%
5% Compound - Twenty Years	96	33.0%	155,761	33.1%	127	5.6%	300,521	10.1%
5% Compound - Lifetime	22	7.6%	37,975	8.1%	737	32.7%	875,359	29.5%
Total	291	100.0%	470,890	100.0%	2,251	100.0%	2,968,263	100.0%
<b>Other Optional Riders</b>								
Return of Premium	6	2.1%	7,358	1.6%	111	4.9%	113,416	3.8%
Nonforfeiture Rider	0	0.0%	0	0.0%	77	3.4%	62,369	2.1%
<b>Limited Payment Options</b>								
Single Pay	0	0.0%	0	0.0%	2	0.1%	111,929	3.8%
10 Pay	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Paid up 65	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Lifetime	291	100.0%	470,890	100.0%	2,249	99.9%	2,856,335	96.2%
Total	291	100.0%	470,890	100.0%	2,251	100.0%	2,968,263	100.0%
<b>Elimination Period</b>								
0	0	0.0%	0	0.0%	493	21.9%	434,513	14.6%
10	0	0.0%	0	0.0%	34	1.5%	55,533	1.9%
20	0	0.0%	0	0.0%	612	27.2%	711,877	24.0%
30	137	47.1%	207,585	44.1%	0	0.0%	0	0.0%
60	0	0.0%	0	0.0%	374	16.6%	618,382	20.8%
90	123	42.3%	201,412	42.8%	628	27.9%	1,010,790	34.1%
180	31	10.7%	61,893	13.1%	110	4.9%	137,168	4.6%
Total	291	100.0%	470,890	100.0%	2,251	100.0%	2,968,263	100.0%
<b>Benefit Period</b>								
730	20	6.9%	23,943	5.1%	156	6.9%	157,955	5.3%
1095	0	0.0%	0	0.0%	19	0.8%	21,493	0.7%
1460	70	24.1%	109,133	23.2%	462	20.5%	585,952	19.7%
2190	45	15.5%	77,030	16.4%	744	33.1%	718,945	24.2%
10950	156	53.6%	260,785	55.4%	870	38.6%	1,483,919	50.0%
Total	291	100.0%	470,890	100.0%	2,251	100.0%	2,968,263	100.0%
<b>Marital Status</b>								
Single	291	100.0%	470,890	100.0%	900	40.0%	1,455,657	49.0%
Married 1-insured	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Married 2-insureds	0	0.0%	0	0.0%	1,351	60.0%	1,512,606	51.0%
Total	291	100.0%	470,890	100.0%	2,251	100.0%	2,968,263	100.0%

CMFG Life Insurance Company  
Distribution of Inforce Business as of December 31, 2014  
All Policies - Nationwide

Issue Year	2002 Product				2006 Product			
	Count	% of Count	Premium	% of Premium	Count	% of Count	Premium	% of Premium
2002	2	0.0%	1,651	0.0%	0	0.0%	0	0.0%
2003	1,006	6.9%	1,737,155	7.3%	0	0.0%	0	0.0%
2004	2,126	14.7%	3,693,924	15.6%	0	0.0%	0	0.0%
2005	3,063	21.1%	5,034,481	21.2%	0	0.0%	0	0.0%
2006	4,209	29.0%	6,483,631	27.4%	5	0.0%	6,538	0.0%
2007	2,996	20.7%	4,830,561	20.4%	2,199	15.7%	3,147,252	14.5%
2008	1,058	7.3%	1,843,879	7.8%	3,551	25.3%	5,466,088	25.2%
2009	45	0.3%	75,578	0.3%	4,255	30.3%	6,623,751	30.5%
2010	0	0.0%	0	0.0%	4,028	28.7%	6,436,086	29.7%
2011	0	0.0%	0	0.0%	2	0.0%	3,153	0.0%
Total	14,505	100.0%	23,700,859	100.0%	14,040	100.0%	21,682,868	100.0%

Issue Age								
20-25	14	0.1%	7,214	0.0%	2	0.0%	949	0.0%
25-30	9	0.1%	4,178	0.0%	7	0.0%	3,236	0.0%
30-35	30	0.2%	20,154	0.1%	14	0.1%	12,210	0.1%
35-40	56	0.4%	47,826	0.2%	51	0.4%	54,332	0.3%
40-45	165	1.1%	156,750	0.7%	95	0.7%	108,664	0.5%
45-50	923	6.4%	1,058,315	4.5%	636	4.5%	718,863	3.3%
50-55	2,873	19.8%	3,767,529	15.9%	2,331	16.6%	2,831,796	13.1%
55-60	4,144	28.6%	6,271,888	26.5%	3,806	27.1%	5,257,979	24.2%
60-65	3,458	23.8%	6,211,521	26.2%	4,039	28.8%	6,451,248	29.8%
65-70	1,795	12.4%	3,588,342	15.1%	2,177	15.5%	4,131,169	19.1%
70-75	822	5.7%	1,928,717	8.1%	750	5.3%	1,708,599	7.9%
75-80	207	1.4%	605,661	2.6%	124	0.9%	373,260	1.7%
80-85	9	0.1%	32,765	0.1%	8	0.1%	30,562	0.1%
Total	14,505	100.0%	23,700,859	100.0%	14,040	100.0%	21,682,868	100.0%

Average Age	58.6	59.5
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Attained Age								
20-25	0	0.0%	0	0.0%	0	0.0%	0	0.0%
25-30	10	0.1%	5,311	0.0%	2	0.0%	949	0.0%
30-35	5	0.0%	2,100	0.0%	7	0.0%	3,236	0.0%
35-40	11	0.1%	5,619	0.0%	13	0.1%	11,038	0.1%
40-45	40	0.3%	27,846	0.1%	50	0.4%	51,923	0.2%
45-50	82	0.6%	74,280	0.3%	91	0.6%	109,870	0.5%
50-55	285	2.0%	301,725	1.3%	617	4.4%	702,415	3.2%
55-60	1,568	10.8%	1,846,309	7.8%	2,151	15.3%	2,606,636	12.0%
60-65	3,231	22.3%	4,450,761	18.8%	3,586	25.5%	4,963,439	22.9%
65-70	3,931	27.1%	6,276,830	26.5%	3,928	28.0%	6,216,045	28.7%
70-75	2,968	20.5%	5,625,455	23.7%	2,252	16.0%	4,194,489	19.3%
75-80	1,409	9.7%	2,879,671	12.2%	836	6.0%	1,860,919	8.6%
80-85	965	6.7%	2,204,953	9.3%	507	3.6%	961,909	4.4%
Total	14,505	100.0%	23,700,859	100.0%	14,040	100.0%	21,682,868	100.0%

Average Attained Age	68.1	66.3
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Gender									
Male	5,949	41.0%	9,881,552	41.7%	5,885	41.9%	9,123,085	42.1%	
Female	8,556	59.0%	13,819,307	58.3%	8,155	58.1%	12,559,783	57.9%	
Total	14,505	100.0%	23,700,859	100.0%	14,040	100.0%	21,682,868	100.0%	



**CMFG Life Insurance Company**  
**Distribution of Inforce Business as of December 31, 2014**  
**All Policies - Nationwide**

	2002 Product				2006 Product			
	Count	% of Count	Premium	% of Premium	Count	% of Count	Premium	% of Premium
<b>Inflation Protection</b>								
None	1,812	12.5%	2,622,919	11.1%	1,839	13.1%	2,484,289	11.5%
3% Compound - Lifetime	5,868	40.5%	8,827,298	37.2%	5,565	39.6%	8,378,777	38.6%
5% Simple - Lifetime	0	0.0%	0	0.0%	3,691	26.3%	5,630,074	26.0%
5% Compound - Fifteen Years	462	3.2%	751,178	3.2%	0	0.0%	0	0.0%
5% Compound - Twenty Years	80	0.6%	105,676	0.4%	0	0.0%	0	0.0%
5% Compound - Lifetime	6,283	43.3%	11,393,786	48.1%	2,945	21.0%	5,189,728	23.9%
Total	14,505	100.0%	23,700,859	100.0%	14,040	100.0%	21,682,868	100.0%
<b>Other Optional Riders</b>								
Return of Premium	147	1.0%	186,145	0.8%	97	0.7%	137,514	0.6%
Nonforfeiture Rider	55	0.4%	111,099	0.5%	51	0.4%	95,190	0.4%
HHEP 10 Day	3,082	21.2%	5,165,253	21.8%	4,789	34.1%	7,652,663	35.3%
Restoration of Benefits	2,875	19.8%	4,630,449	19.5%	2,811	20.0%	4,407,822	20.3%
Shared Extended Expense	3,040	21.0%	4,654,961	19.6%	1,907	13.6%	2,892,126	13.3%
Surviving Spousal	142	1.0%	194,198	0.8%	1,505	10.7%	2,207,740	10.2%
Living at Home	0	0.0%	0	0.0%	1,083	7.7%	1,930,650	8.9%
<b>Limited Payment Options</b>								
Single Pay	0	0.0%	0	0.0%	0	0.0%	0	0.0%
10 Pay	1,104	7.6%	2,500,315	10.5%	63	0.4%	237,796	1.1%
Paid up 65	792	5.5%	1,275,384	5.4%	66	0.5%	194,741	0.9%
Lifetime	12,609	86.9%	19,925,160	84.1%	13,911	99.1%	21,250,331	98.0%
Total	14,505	100.0%	23,700,859	100.0%	14,040	100.0%	21,682,868	100.0%
<b>Elimination Period</b>								
30	4,081	28.1%	6,894,214	29.1%	1,183	8.4%	1,960,783	9.0%
60	1,992	13.7%	3,354,451	14.2%	2,036	14.5%	3,141,922	14.5%
90	8,203	56.6%	13,082,038	55.2%	8,464	60.3%	13,146,703	60.6%
100	0	0.0%	0	0.0%	2,086	14.9%	3,049,225	14.1%
180	229	1.6%	370,155	1.6%	271	1.9%	384,234	1.8%
Total	14,505	100.0%	23,700,859	100.0%	14,040	100.0%	21,682,868	100.0%
<b>Benefit Period</b>								
365	231	1.6%	189,233	0.8%	218	1.6%	141,809	0.7%
730	1,529	10.5%	2,051,622	8.7%	2,299	16.4%	2,953,208	13.6%
1095	5,630	38.8%	8,434,485	35.6%	6,627	47.2%	9,723,797	44.8%
1460	2,011	13.9%	3,344,556	14.1%	1,995	14.2%	3,387,891	15.6%
1825	3,431	23.7%	6,010,780	25.4%	2,240	16.0%	3,978,387	18.3%
10950	1,673	11.5%	3,670,184	15.5%	661	4.7%	1,497,776	6.9%
Total	14,505	100.0%	23,700,859	100.0%	14,040	100.0%	21,682,868	100.0%
<b>Marital Status</b>								
Single	2,604	18.0%	4,929,066	20.8%	2,200	15.7%	4,165,511	19.2%
Married 1-insured	2,551	17.6%	4,525,867	19.1%	2,526	18.0%	4,472,655	20.6%
Married 2-insureds	9,350	64.5%	14,245,925	60.1%	9,314	66.3%	13,044,703	60.2%
Total	14,505	100.0%	23,700,859	100.0%	14,040	100.0%	21,682,868	100.0%

**Exhibit 3A - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**All Business**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	39,359	2,337	5.9%	0.1%	0.1%	5.8%	5.8%	6.0%
2	37,022	1,441	3.9%	0.2%	0.2%	3.7%	3.7%	4.0%
3	35,579	991	2.8%	0.3%	0.3%	2.5%	2.5%	3.0%
4	34,568	847	2.5%	0.3%	0.4%	2.2%	2.1%	2.0%
5	28,941	667	2.3%	0.3%	0.4%	2.0%	1.9%	2.0%
6	23,989	493	2.1%	0.5%	0.5%	1.6%	1.5%	1.5%
7	18,813	406	2.2%	0.6%	0.6%	1.5%	1.5%	1.5%
8	13,232	241	1.8%	0.5%	0.8%	1.3%	1.0%	1.5%
9	8,862	167	1.9%	0.6%	1.0%	1.3%	0.9%	1.0%
10	5,909	161	2.7%	0.6%	1.1%	2.1%	1.6%	1.0%
11	3,716	102	2.7%	0.8%	1.3%	1.9%	1.5%	1.0%
12	2,683	82	3.1%	0.8%	1.4%	2.3%	1.6%	1.0%
13	2,207	88	4.0%	1.4%	1.6%	2.6%	2.4%	1.0%
14	1,697	63	3.7%	1.5%	1.7%	2.2%	2.0%	1.0%
15	1,215	41	3.4%	1.6%	2.0%	1.7%	1.4%	1.0%
16	593	24	4.0%	1.7%	2.9%	2.4%	1.1%	1.0%
17	329	13	4.0%	3.0%	3.8%	0.9%	0.1%	1.0%
18	257	28	10.9%	7.0%	4.1%	3.9%	6.8%	1.0%
19	156	6	3.8%	1.9%	4.5%	1.9%	-0.6%	1.0%
20	62	4	6.5%	6.5%	4.7%	0.0%	1.7%	1.0%
21	20	1	5.0%	5.0%	6.0%	0.0%	-1.0%	1.0%
Total	259,209	8,203	3.2%	0.4%	0.5%	2.8%	2.7%	

Weighted Average Lapse Rate Durations 6+ =>	1.6%	1.4%
Weighted Average Lapse Rate Durations 8+ =>	1.7%	1.3%
Weighted Average Lapse Rate Durations 10+ =>	2.1%	1.7%

**Notes:**

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Exhibit 3B - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**Female**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	23,213	1,460	6.3%	0.1%	0.1%	6.2%	6.2%	6.0%
2	21,753	864	4.0%	0.2%	0.1%	3.8%	3.8%	4.0%
3	20,887	610	2.9%	0.2%	0.2%	2.7%	2.7%	3.0%
4	20,263	478	2.4%	0.2%	0.3%	2.2%	2.1%	2.0%
5	17,025	377	2.2%	0.2%	0.3%	2.0%	1.9%	2.0%
6	14,136	266	1.9%	0.3%	0.4%	1.5%	1.5%	1.5%
7	11,172	236	2.1%	0.6%	0.5%	1.5%	1.6%	1.5%
8	7,902	130	1.6%	0.3%	0.6%	1.3%	1.0%	1.5%
9	5,351	95	1.8%	0.5%	0.8%	1.2%	1.0%	1.0%
10	3,607	102	2.8%	0.6%	1.0%	2.2%	1.9%	1.0%
11	2,279	59	2.6%	0.8%	1.1%	1.8%	1.5%	1.0%
12	1,648	51	3.1%	0.4%	1.2%	2.7%	1.9%	1.0%
13	1,352	53	3.9%	1.2%	1.4%	2.7%	2.5%	1.0%
14	1,033	39	3.8%	1.4%	1.5%	2.4%	2.3%	1.0%
15	739	25	3.4%	1.6%	1.7%	1.8%	1.7%	1.0%
16	364	12	3.3%	1.4%	2.4%	1.9%	0.9%	1.0%
17	209	5	2.4%	1.9%	3.3%	0.5%	-0.9%	1.0%
18	162	18	11.1%	7.4%	3.7%	3.7%	7.4%	1.0%
19	103	3	2.9%	1.9%	4.3%	1.0%	-1.4%	1.0%
20	43	3	7.0%	7.0%	4.7%	0.0%	2.3%	1.0%
21	13	1	7.7%	7.7%	6.6%	0.0%	1.0%	1.0%
Total	153,254	4,887	3.2%	0.3%	0.4%	2.9%	2.8%	

Weighted Average Lapse Rate Durations 6+ =>	1.6%	1.5%
Weighted Average Lapse Rate Durations 8+ =>	1.7%	1.4%
Weighted Average Lapse Rate Durations 10+ =>	2.2%	1.9%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Exhibit 3C - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**Male**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	16,146	877	5.4%	0.2%	0.2%	5.3%	5.3%	6.0%
2	15,269	577	3.8%	0.3%	0.3%	3.4%	3.5%	4.0%
3	14,692	381	2.6%	0.3%	0.4%	2.3%	2.2%	3.0%
4	14,305	369	2.6%	0.4%	0.5%	2.2%	2.1%	2.0%
5	11,916	290	2.4%	0.5%	0.6%	2.0%	1.9%	2.0%
6	9,853	227	2.3%	0.7%	0.7%	1.6%	1.6%	1.5%
7	7,641	170	2.2%	0.7%	0.8%	1.5%	1.4%	1.5%
8	5,330	111	2.1%	0.8%	1.0%	1.3%	1.1%	1.5%
9	3,511	72	2.1%	0.7%	1.2%	1.3%	0.8%	1.0%
10	2,302	59	2.6%	0.6%	1.4%	2.0%	1.2%	1.0%
11	1,437	43	3.0%	0.9%	1.5%	2.1%	1.5%	1.0%
12	1,035	31	3.0%	1.4%	1.7%	1.6%	1.3%	1.0%
13	855	35	4.1%	1.8%	1.9%	2.3%	2.2%	1.0%
14	664	24	3.6%	1.7%	2.1%	2.0%	1.5%	1.0%
15	476	16	3.4%	1.7%	2.4%	1.7%	1.0%	1.0%
16	229	12	5.2%	2.2%	3.6%	3.1%	1.6%	1.0%
17	120	8	6.7%	5.0%	4.7%	1.7%	1.9%	1.0%
18	95	10	10.5%	6.3%	4.8%	4.2%	5.7%	1.0%
19	53	3	5.7%	1.9%	4.9%	3.8%	0.7%	1.0%
20	19	1	5.3%	5.3%	4.9%	0.0%	0.4%	1.0%
21	7	0	0.0%	0.0%	4.7%	0.0%	-4.7%	1.0%
Total	105,955	3,316	3.1%	0.5%	0.6%	2.6%	2.6%	

Weighted Average Lapse Rate Durations 6+ =>	1.6%	1.4%
Weighted Average Lapse Rate Durations 8+ =>	1.6%	1.2%
Weighted Average Lapse Rate Durations 10+ =>	2.0%	1.5%

**Notes:**

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Exhibit 3D - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**1993 Product**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	547	22	4.0%	0.5%	0.2%	3.5%	3.8%	6.0%
2	525	15	2.9%	0.4%	0.3%	2.5%	2.6%	4.0%
3	510	11	2.2%	1.0%	0.4%	1.2%	1.7%	3.0%
4	499	14	2.8%	2.0%	0.6%	0.8%	2.2%	2.0%
5	485	5	1.0%	0.4%	0.8%	0.6%	0.2%	2.0%
6	480	4	0.8%	0.8%	1.0%	0.0%	-0.2%	1.5%
7	476	11	2.3%	1.5%	1.3%	0.8%	1.0%	1.5%
8	465	4	0.9%	0.9%	1.6%	0.0%	-0.7%	1.5%
9	461	16	3.5%	2.6%	1.9%	0.9%	1.6%	1.0%
10	445	9	2.0%	1.3%	2.1%	0.7%	-0.1%	1.0%
11	436	16	3.7%	2.5%	2.3%	1.1%	1.4%	1.0%
12	420	13	3.1%	1.2%	2.5%	1.9%	0.6%	1.0%
13	407	17	4.2%	2.5%	2.7%	1.7%	1.4%	1.0%
14	390	13	3.3%	2.8%	3.0%	0.5%	0.4%	1.0%
15	377	18	4.8%	2.9%	3.2%	1.9%	1.6%	1.0%
16	357	11	3.1%	2.0%	3.5%	1.1%	-0.4%	1.0%
17	323	13	4.0%	3.1%	3.9%	0.9%	0.2%	1.0%
18	257	28	10.9%	7.0%	4.1%	3.9%	6.8%	1.0%
19	156	6	3.8%	1.9%	4.5%	1.9%	-0.6%	1.0%
20	62	4	6.5%	6.5%	4.7%	0.0%	1.7%	1.0%
21	20	1	5.0%	5.0%	6.0%	0.0%	-1.0%	1.0%
Total	8,098	251	3.1%	1.8%	1.9%	1.3%	1.2%	

Weighted Average Lapse Rate Durations 6+ =>	1.1%	0.8%
Weighted Average Lapse Rate Durations 8+ =>	1.2%	0.9%
Weighted Average Lapse Rate Durations 10+ =>	1.4%	1.0%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Exhibit 3E - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**1997 Product**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	3,331	135	4.1%	0.2%	0.1%	3.9%	4.0%	6.0%
2	3,196	98	3.1%	0.3%	0.1%	2.7%	2.9%	4.0%
3	3,097	85	2.7%	0.2%	0.2%	2.5%	2.5%	3.0%
4	3,012	73	2.4%	0.3%	0.3%	2.1%	2.1%	2.0%
5	2,939	70	2.4%	0.4%	0.4%	1.9%	2.0%	2.0%
6	2,869	61	2.1%	0.6%	0.5%	1.5%	1.7%	1.5%
7	2,808	71	2.5%	0.7%	0.6%	1.8%	1.9%	1.5%
8	2,737	66	2.4%	0.7%	0.7%	1.7%	1.7%	1.5%
9	2,671	63	2.4%	0.7%	0.9%	1.6%	1.5%	1.0%
10	2,608	64	2.5%	0.5%	1.0%	2.0%	1.5%	1.0%
11	2,527	58	2.3%	0.6%	1.1%	1.7%	1.2%	1.0%
12	2,263	69	3.0%	0.7%	1.2%	2.3%	1.8%	1.0%
13	1,800	71	3.9%	1.2%	1.3%	2.8%	2.6%	1.0%
14	1,307	50	3.8%	1.1%	1.4%	2.8%	2.4%	1.0%
15	838	23	2.7%	1.1%	1.4%	1.7%	1.3%	1.0%
16	236	13	5.5%	1.3%	2.0%	4.2%	3.5%	1.0%
17	6	0	0.0%	0.0%	2.9%	0.0%	-2.9%	1.0%
Total	38,245	1,070	2.8%	0.6%	0.6%	2.2%	2.2%	

Weighted Average Lapse Rate Durations 6+ =>	1.9%	1.7%
Weighted Average Lapse Rate Durations 8+ =>	2.0%	1.7%
Weighted Average Lapse Rate Durations 10+ =>	2.2%	1.8%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Exhibit 3F - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**2002 Product**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	18,559	1,136	6.1%	0.1%	0.1%	6.0%	6.0%	6.0%
2	17,423	682	3.9%	0.2%	0.2%	3.7%	3.7%	4.0%
3	16,741	480	2.9%	0.3%	0.3%	2.6%	2.6%	3.0%
4	16,261	402	2.5%	0.2%	0.4%	2.2%	2.1%	2.0%
5	15,859	328	2.1%	0.3%	0.4%	1.8%	1.6%	2.0%
6	15,315	289	1.9%	0.5%	0.5%	1.4%	1.4%	1.5%
7	13,847	273	2.0%	0.6%	0.6%	1.3%	1.3%	1.5%
8	10,030	171	1.7%	0.5%	0.8%	1.2%	0.9%	1.5%
9	5,730	88	1.5%	0.4%	0.9%	1.1%	0.6%	1.0%
10	2,856	88	3.1%	0.6%	1.1%	2.5%	2.0%	1.0%
11	753	28	3.7%	0.7%	1.2%	3.1%	2.5%	1.0%
Total	133,374	3,965	3.0%	0.3%	0.4%	2.6%	2.5%	

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Exhibit 3G - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**2006 Product**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	16,922	1,044	6.2%	0.1%	0.1%	6.1%	6.1%	6.0%
2	15,878	646	4.1%	0.2%	0.2%	3.8%	3.9%	4.0%
3	15,231	415	2.7%	0.2%	0.3%	2.5%	2.4%	3.0%
4	14,796	358	2.4%	0.2%	0.4%	2.2%	2.1%	2.0%
5	9,658	264	2.7%	0.4%	0.4%	2.4%	2.3%	2.0%
6	5,325	139	2.6%	0.5%	0.5%	2.2%	2.1%	1.5%
7	1,682	51	3.0%	0.4%	0.7%	2.7%	2.4%	1.5%
Total	79,492	2,917	3.7%	0.2%	0.3%	3.4%	3.4%	

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)



**Exhibit 3H - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**Single**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	8,665	694	8.0%	0.2%	0.1%	7.8%	7.9%	6.0%
2	7,971	443	5.6%	0.2%	0.2%	5.4%	5.4%	4.0%
3	7,527	287	3.8%	0.3%	0.3%	3.5%	3.5%	3.0%
4	7,236	235	3.2%	0.3%	0.4%	2.9%	2.9%	2.0%
5	6,213	195	3.1%	0.4%	0.5%	2.7%	2.7%	2.0%
6	5,369	133	2.5%	0.5%	0.6%	1.9%	1.9%	1.5%
7	4,501	140	3.1%	1.0%	0.7%	2.1%	2.4%	1.5%
8	3,534	90	2.5%	0.6%	0.9%	2.0%	1.6%	1.5%
9	2,700	80	3.0%	1.1%	1.2%	1.9%	1.8%	1.0%
10	2,108	78	3.7%	1.0%	1.4%	2.7%	2.3%	1.0%
11	1,621	47	2.9%	1.3%	1.6%	1.6%	1.3%	1.0%
12	1,308	47	3.6%	0.8%	1.8%	2.8%	1.8%	1.0%
13	1,092	42	3.8%	2.0%	2.0%	1.8%	1.9%	1.0%
14	873	31	3.6%	1.7%	2.2%	1.8%	1.3%	1.0%
15	671	27	4.0%	2.4%	2.6%	1.6%	1.4%	1.0%
16	440	14	3.2%	1.6%	3.3%	1.6%	-0.1%	1.0%
17	324	13	4.0%	3.1%	3.9%	0.9%	0.2%	1.0%
18	257	28	10.9%	7.0%	4.1%	3.9%	6.8%	1.0%
19	156	6	3.8%	1.9%	4.5%	1.9%	-0.6%	1.0%
20	62	4	6.5%	6.5%	4.7%	0.0%	1.7%	1.0%
21	20	1	5.0%	5.0%	6.0%	0.0%	-1.0%	1.0%
Total	62,648	2,635	4.2%	0.6%	0.7%	3.6%	3.5%	

Weighted Average Lapse Rate Durations 6+ =>	2.0%	1.9%
Weighted Average Lapse Rate Durations 8+ =>	2.0%	1.7%
Weighted Average Lapse Rate Durations 10+ =>	2.1%	1.7%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Exhibit 3I - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**Married**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	30,694	1,643	5.4%	0.1%	0.1%	5.2%	5.2%	6.0%
2	29,051	998	3.4%	0.2%	0.2%	3.2%	3.2%	4.0%
3	28,052	704	2.5%	0.2%	0.3%	2.3%	2.2%	3.0%
4	27,332	612	2.2%	0.2%	0.3%	2.0%	1.9%	2.0%
5	22,728	472	2.1%	0.3%	0.4%	1.8%	1.7%	2.0%
6	18,620	360	1.9%	0.5%	0.5%	1.5%	1.4%	1.5%
7	14,312	266	1.9%	0.5%	0.6%	1.3%	1.2%	1.5%
8	9,698	151	1.6%	0.5%	0.7%	1.1%	0.8%	1.5%
9	6,162	87	1.4%	0.4%	0.9%	1.0%	0.5%	1.0%
10	3,801	83	2.2%	0.4%	1.0%	1.8%	1.2%	1.0%
11	2,095	55	2.6%	0.5%	1.0%	2.1%	1.6%	1.0%
12	1,375	35	2.5%	0.8%	1.1%	1.7%	1.5%	1.0%
13	1,115	46	4.1%	0.8%	1.2%	3.3%	3.0%	1.0%
14	824	32	3.9%	1.2%	1.2%	2.7%	2.7%	1.0%
15	544	14	2.6%	0.7%	1.2%	1.8%	1.4%	1.0%
16	153	10	6.5%	2.0%	1.7%	4.6%	4.8%	1.0%
17	5	0	0.0%	0.0%	2.6%	0.0%	-2.6%	1.0%
Total	196,561	5,568	2.8%	0.3%	0.4%	2.5%	2.4%	

Weighted Average Lapse Rate Durations 6+ =>	1.4%	1.2%
Weighted Average Lapse Rate Durations 8+ =>	1.5%	1.1%
Weighted Average Lapse Rate Durations 10+ =>	2.1%	1.7%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Exhibit 3J - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**Policies with Inflation Protection**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	32,881	1,866	5.7%	0.1%	0.1%	5.6%	5.6%	6.0%
2	31,015	1,161	3.7%	0.2%	0.2%	3.6%	3.6%	4.0%
3	29,853	808	2.7%	0.2%	0.2%	2.5%	2.5%	3.0%
4	29,025	689	2.4%	0.2%	0.3%	2.2%	2.1%	2.0%
5	24,181	514	2.1%	0.3%	0.4%	1.8%	1.8%	2.0%
6	19,868	387	1.9%	0.4%	0.5%	1.6%	1.5%	1.5%
7	15,362	285	1.9%	0.5%	0.5%	1.3%	1.3%	1.5%
8	10,476	172	1.6%	0.3%	0.6%	1.3%	1.0%	1.5%
9	6,670	112	1.7%	0.4%	0.8%	1.2%	0.9%	1.0%
10	4,188	97	2.3%	0.4%	0.9%	1.9%	1.4%	1.0%
11	2,423	63	2.6%	0.5%	1.0%	2.1%	1.6%	1.0%
12	1,626	38	2.3%	0.4%	1.1%	1.9%	1.3%	1.0%
13	1,292	44	3.4%	0.8%	1.2%	2.6%	2.2%	1.0%
14	981	21	2.1%	0.6%	1.3%	1.5%	0.8%	1.0%
15	724	17	2.3%	1.1%	1.5%	1.2%	0.9%	1.0%
16	322	7	2.2%	0.9%	2.4%	1.2%	-0.2%	1.0%
17	177	5	2.8%	2.8%	3.3%	0.0%	-0.5%	1.0%
18	142	9	6.3%	4.2%	3.5%	2.1%	2.8%	1.0%
19	91	3	3.3%	1.1%	3.9%	2.2%	-0.6%	1.0%
20	33	0	0.0%	0.0%	4.0%	0.0%	-4.0%	1.0%
21	10	0	0.0%	0.0%	5.1%	0.0%	-5.1%	1.0%
Total	211,340	6,298	3.0%	0.3%	0.4%	2.7%	2.6%	

Weighted Average Lapse Rate Durations 6+ =>	1.5%	1.3%
Weighted Average Lapse Rate Durations 8+ =>	1.5%	1.1%
Weighted Average Lapse Rate Durations 10+ =>	1.9%	1.4%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Exhibit 3K - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**Policies without Inflation Protection**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	6,478	471	7.3%	0.2%	0.2%	7.0%	7.1%	6.0%
2	6,007	280	4.7%	0.4%	0.3%	4.2%	4.4%	4.0%
3	5,726	183	3.2%	0.6%	0.5%	2.6%	2.7%	3.0%
4	5,543	158	2.9%	0.6%	0.6%	2.3%	2.3%	2.0%
5	4,760	153	3.2%	0.6%	0.7%	2.6%	2.5%	2.0%
6	4,121	106	2.6%	0.9%	0.9%	1.7%	1.7%	1.5%
7	3,451	121	3.5%	1.1%	1.1%	2.4%	2.4%	1.5%
8	2,756	69	2.5%	1.2%	1.3%	1.3%	1.2%	1.5%
9	2,192	55	2.5%	1.2%	1.5%	1.3%	1.0%	1.0%
10	1,721	64	3.7%	1.2%	1.7%	2.6%	2.0%	1.0%
11	1,293	39	3.0%	1.4%	1.8%	1.6%	1.2%	1.0%
12	1,057	44	4.2%	1.3%	1.9%	2.8%	2.2%	1.0%
13	915	44	4.8%	2.3%	2.1%	2.5%	2.7%	1.0%
14	716	42	5.9%	2.7%	2.3%	3.2%	3.6%	1.0%
15	491	24	4.9%	2.4%	2.7%	2.4%	2.2%	1.0%
16	271	17	6.3%	2.6%	3.5%	3.7%	2.8%	1.0%
17	152	8	5.3%	3.3%	4.4%	2.0%	0.8%	1.0%
18	115	19	16.5%	10.4%	4.8%	6.1%	11.7%	1.0%
19	65	3	4.6%	3.1%	5.4%	1.5%	-0.8%	1.0%
20	29	4	13.8%	13.8%	5.6%	0.0%	8.2%	1.0%
21	10	1	10.0%	10.0%	6.9%	0.0%	3.1%	1.0%
Total	47,869	1,905	4.0%	0.8%	0.9%	3.1%	3.1%	

Weighted Average Lapse Rate Durations 6+ =>	2.0%	1.9%
Weighted Average Lapse Rate Durations 8+ =>	2.0%	1.8%
Weighted Average Lapse Rate Durations 10+ =>	2.5%	2.3%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Appendix D**  
**CMFG Life Insurance Company**  
**Policy Persistency Comparison**  
**Nationwide Experience**  
**All Products**

Policy Duration	Total Lives	Actual Results		Original Pricing Assumptions						Current Assumptions		
		Total Terminations		Lapse	Number of Expected Lapses	Mortality	Number of Expected Deaths	Total Terminations		Lapse	Mortality	Total Terminations
1	39,359	5.9%		8.6%	3,404	0.5%	185	9.1%		6.0%	0.1%	6.1%
2	37,022	3.9%		7.1%	2,612	0.6%	206	7.6%		4.0%	0.2%	4.2%
3	35,579	2.8%		5.6%	1,986	0.7%	232	6.2%		3.0%	0.3%	3.3%
4	34,568	2.5%		4.5%	1,572	0.8%	265	5.3%		2.0%	0.4%	2.4%
5	28,941	2.3%		4.2%	1,230	0.9%	270	5.2%		2.0%	0.4%	2.4%
6	23,989	2.1%		4.0%	968	1.1%	268	5.2%		1.5%	0.5%	2.0%
7	18,813	2.2%		3.5%	655	1.3%	242	4.8%		1.5%	0.6%	2.1%
8	13,232	1.8%		3.5%	467	1.4%	185	4.9%		1.5%	0.8%	2.3%
9	8,862	1.9%		3.6%	323	1.4%	126	5.1%		1.0%	1.0%	2.0%
10	5,909	2.7%		4.1%	245	1.5%	91	5.7%		1.0%	1.1%	2.1%
11	3,716	2.7%		5.3%	197	1.7%	64	7.0%		1.0%	1.3%	2.3%
12	2,683	3.1%		6.2%	165	1.9%	52	8.1%		1.0%	1.4%	2.4%
13	2,207	4.0%		6.2%	136	2.1%	47	8.3%		1.0%	1.6%	2.6%
14	1,697	3.7%		6.2%	106	2.4%	40	8.6%		1.0%	1.7%	2.7%
15	1,215	3.4%		6.3%	77	2.6%	32	8.9%		1.0%	2.0%	3.0%
16	593	4.0%		6.6%	39	3.9%	23	10.4%		1.0%	2.9%	3.9%
17	329	4.0%		7.0%	23	5.0%	16	11.9%		1.0%	3.8%	4.8%
18	257	10.9%		7.0%	18	5.3%	14	12.3%		1.0%	4.1%	5.1%
19	156	3.8%		7.0%	11	5.7%	9	12.7%		1.0%	4.5%	5.5%
20	62	6.5%		7.0%	4	6.0%	4	12.9%		1.0%	4.7%	5.7%
21	20	5.0%		7.0%	1	7.5%	1	14.4%		1.0%	6.0%	7.0%

**Notes:**

- 1) The results shown above include only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)
- 2) The "Actual Results" are the historical total policy termination rates observed by the Company.
- 3) The "Original Pricing Assumptions" are those assumptions originally used to price each product.
- 4) The "Current Assumptions" are those used in the projection for the current rate filing. The mortality assumptions are based on the Annuity 2000 table projected to 2009 (Scale G 100% Male, 50% Female, no smoothing), with selection factors.
- 5) Experience is through December 31, 2014

**Appendix D**  
**CMFG Life Insurance Company**  
**Policy Persistency Comparison**  
**Nationwide Experience**  
**1993 Product**

Policy Duration	Total Lives	Actual Results		Original Pricing Assumptions					Current Assumptions		
		Total Terminations		Lapse	Number of Expected Lapses	Mortality	Number of Expected Deaths	Total Terminations	Lapse	Mortality	Total Terminations
1	547	4.0%		22.4%	123	1.2%	7	23.6%	6.0%	0.2%	6.2%
2	525	2.9%		17.4%	91	1.3%	7	18.7%	4.0%	0.3%	4.3%
3	510	2.2%		13.5%	69	1.5%	7	14.9%	3.0%	0.4%	3.4%
4	499	2.8%		11.9%	60	1.6%	8	13.5%	2.0%	0.6%	2.6%
5	485	1.0%		10.4%	51	1.7%	8	12.2%	2.0%	0.8%	2.8%
6	480	0.8%		8.9%	43	1.9%	9	10.8%	1.5%	1.0%	2.5%
7	476	2.3%		8.4%	40	2.1%	10	10.5%	1.5%	1.3%	2.8%
8	465	0.9%		7.9%	37	2.3%	11	10.2%	1.5%	1.6%	3.1%
9	461	3.5%		7.5%	34	2.5%	12	10.0%	1.0%	1.9%	2.9%
10	445	2.0%		7.0%	31	2.7%	12	9.7%	1.0%	2.1%	3.1%
11	436	3.7%		7.0%	30	3.0%	13	10.0%	1.0%	2.3%	3.3%
12	420	3.1%		7.0%	29	3.3%	14	10.2%	1.0%	2.5%	3.5%
13	407	4.2%		7.0%	28	3.6%	14	10.5%	1.0%	2.7%	3.7%
14	390	3.3%		7.0%	27	3.8%	15	10.8%	1.0%	3.0%	4.0%
15	377	4.8%		7.0%	26	4.1%	16	11.1%	1.0%	3.2%	4.2%
16	357	3.1%		7.0%	25	4.5%	16	11.5%	1.0%	3.5%	4.5%
17	323	4.0%		7.0%	23	5.0%	16	11.9%	1.0%	3.9%	4.9%
18	257	10.9%		7.0%	18	5.3%	14	12.3%	1.0%	4.1%	5.1%
19	156	3.8%		7.0%	11	5.7%	9	12.7%	1.0%	4.5%	5.5%
20	62	6.5%		7.0%	4	6.0%	4	12.9%	1.0%	4.7%	5.7%
21	20	5.0%		7.0%	1	7.5%	1	14.4%	1.0%	6.0%	7.0%

**Notes:**

- 1) The results shown above include only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)
- 2) The "Actual Results" are the historical total policy termination rates observed by the Company.
- 3) The "Original Pricing Assumptions" are those assumptions originally used to price the product. The mortality assumptions are based on the 1983 IAM table.  
The original ultimate lapse assumption was 6.0% for issue ages 59 and younger and 8.0% for issue ages 60 and older.
- 4) The "Current Assumptions" are those used in the projection for the current rate filing. The mortality assumptions are based on the Annuity 2000 table projected to 2009 (Scale G 100% Male, 50% Female, no smoothing), with selection factors.
- 5) Experience is through December 31, 2014

**Appendix D**  
**CMFG Life Insurance Company**  
**Policy Persistency Comparison**  
**Nationwide Experience**  
**1997 Product**

Policy Duration	Total Lives	Actual Results		Original Pricing Assumptions						Current Assumptions		
		Total Terminations		Lapse	Number of Expected Lapses	Mortality	Number of Expected Deaths	Total Terminations		Lapse	Mortality	Total Terminations
1	3,331	4.1%		10.8%	359	0.5%	18	11.3%		6.0%	0.1%	6.1%
2	3,196	3.1%		8.8%	280	0.6%	19	9.4%		4.0%	0.1%	4.1%
3	3,097	2.7%		6.8%	210	0.7%	21	7.4%		3.0%	0.2%	3.2%
4	3,012	2.4%		6.6%	198	0.7%	22	7.3%		2.0%	0.3%	2.3%
5	2,939	2.4%		6.4%	188	0.8%	24	7.2%		2.0%	0.4%	2.4%
6	2,869	2.1%		6.2%	178	0.9%	26	7.1%		1.5%	0.5%	2.0%
7	2,808	2.5%		6.0%	168	1.0%	28	7.0%		1.5%	0.6%	2.1%
8	2,737	2.4%		6.0%	164	1.1%	30	7.1%		1.5%	0.7%	2.2%
9	2,671	2.4%		6.0%	160	1.2%	33	7.2%		1.0%	0.9%	1.9%
10	2,608	2.5%		6.0%	156	1.4%	35	7.4%		1.0%	1.0%	2.0%
11	2,527	2.3%		6.0%	152	1.5%	38	7.5%		1.0%	1.1%	2.1%
12	2,263	3.0%		6.0%	136	1.7%	38	7.7%		1.0%	1.2%	2.2%
13	1,800	3.9%		6.0%	108	1.8%	33	7.8%		1.0%	1.3%	2.3%
14	1,307	3.8%		6.0%	78	1.9%	25	7.9%		1.0%	1.4%	2.4%
15	838	2.7%		6.0%	50	2.0%	16	8.0%		1.0%	1.4%	2.4%
16	236	5.5%		6.0%	14	2.9%	7	8.9%		1.0%	2.0%	3.0%
17	6	0.0%		6.0%	0	4.1%	0	10.1%		1.0%	2.9%	3.9%

**Notes:**

- 1) The results shown above include only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)
- 2) The "Actual Results" are the historical total policy termination rates observed by the Company.
- 3) The "Original Pricing Assumptions" are those assumptions originally used to price the product. The mortality assumptions are based on the 1983 GAM table.  
The original ultimate lapse assumption was 6.0%.
- 4) The "Current Assumptions" are those used in the projection for the current rate filing. The mortality assumptions are based on the Annuity 2000 table projected to 2009 (Scale G 100% Male, 50% Female, no smoothing), with selection factors.
- 5) Experience is through December 31, 2014

**Appendix D**  
**CMFG Life Insurance Company**  
**Policy Persistency Comparison**  
**Nationwide Experience**  
**2002 Product**

Policy Duration	Total Lives	Actual Results		Original Pricing Assumptions					Current Assumptions		
		Total Terminations		Lapse	Number of Expected Lapses	Mortality	Number of Expected Deaths	Total Terminations	Lapse	Mortality	Total Terminations
1	18,559	6.1%		10.3%	1,916	0.7%	137	11.1%	6.0%	0.1%	6.1%
2	17,423	3.9%		8.3%	1,453	0.8%	142	9.2%	4.0%	0.2%	4.2%
3	16,741	2.9%		6.6%	1,104	0.9%	151	7.5%	3.0%	0.3%	3.3%
4	16,261	2.5%		5.4%	874	1.0%	162	6.4%	2.0%	0.4%	2.4%
5	15,859	2.1%		4.7%	752	1.1%	174	5.8%	2.0%	0.4%	2.4%
6	15,315	1.9%		4.4%	668	1.2%	187	5.6%	1.5%	0.5%	2.0%
7	13,847	2.0%		3.2%	446	1.3%	185	4.6%	1.5%	0.6%	2.1%
8	10,030	1.7%		2.7%	266	1.4%	144	4.1%	1.5%	0.8%	2.3%
9	5,730	1.5%		2.2%	128	1.4%	82	3.7%	1.0%	0.9%	1.9%
10	2,856	3.1%		2.0%	57	1.5%	44	3.5%	1.0%	1.1%	2.1%
11	753	3.7%		2.0%	15	1.6%	12	3.6%	1.0%	1.2%	2.2%

**Notes:**

- 1) The results shown above include only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)
- 2) The "Actual Results" are the historical total policy termination rates observed by the Company.
- 3) The "Original Pricing Assumptions" are those assumptions originally used to price the product. The mortality assumptions are based on the 1983 GAM table.  
The original ultimate lapse assumption reached 2.0% by duration 10.
- 4) The "Current Assumptions" are those used in the projection for the current rate filing. The mortality assumptions are based on the Annuity 2000 table projected to 2009 (Scale G 100% Male, 50% Female, no smoothing), with selection factors. The current assumed ultimate lapse rate is 1.0% starting in duration 9.
- 5) Experience is through December 31, 2014



**Appendix D**  
**CMFG Life Insurance Company**  
**Policy Persistency Comparison**  
**Nationwide Experience**  
**2006 Product**

Policy Duration	Total Lives	Actual Results		Original Pricing Assumptions						Current Assumptions		
		Total Terminations		Lapse	Number of Expected Lapses	Mortality	Number of Expected Deaths	Total Terminations		Lapse	Mortality	Total Terminations
1	16,922	6.2%		5.9%	1,007	0.1%	24	6.1%		6.0%	0.1%	6.1%
2	15,878	4.1%		5.0%	787	0.2%	38	5.2%		4.0%	0.2%	4.2%
3	15,231	2.7%		4.0%	604	0.4%	54	4.3%		3.0%	0.3%	3.3%
4	14,796	2.4%		3.0%	440	0.5%	73	3.5%		2.0%	0.4%	2.4%
5	9,658	2.7%		2.5%	239	0.6%	63	3.1%		2.0%	0.4%	2.4%
6	5,325	2.6%		1.5%	79	0.9%	46	2.3%		1.5%	0.5%	2.0%
7	1,682	3.0%		0.0%	0	1.1%	18	1.1%		1.5%	0.7%	2.2%

**Notes:**

- 1) The results shown above include only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)
- 2) The "Actual Results" are the historical total policy termination rates observed by the Company.
- 3) The "Original Pricing Assumptions" are those assumptions originally used to price the product. The mortality assumptions are based on the 1994 GAM table, projected to 2006.  
The original ultimate lapse assumption reached 1.0% by duration 7.
- 4) The "Current Assumptions" are those used in the projection for the current rate filing. The mortality assumptions are based on the Annuity 2000 table projected to 2009 (Scale G 100% Male, 50% Female, no smoothing), with selection factors. The current assumed ultimate lapse rate is 1.0% starting in duration 9.
- 5) Experience is through December 31, 2014

**Exhibit 2A - Mortality Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**

Policy Duration	Total Lives	Total Terminations	Actual Deaths	Expected Deaths	Mortality Rate		A:E
					Actual	Expected	
1 to 3	113,006	4,903	232	218	0.21%	0.19%	107%
4 to 6	88,058	2,088	311	376	0.35%	0.43%	83%
7 to 9	41,048	864	267	312	0.65%	0.76%	86%
10 to 12	12,326	354	94	152	0.76%	1.23%	62%
13+	6,540	268	122	140	1.87%	2.14%	87%
Total	260,978	8,477	1,026	1,197	0.39%	0.46%	86%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Deaths based on either match to Death Master File or termination reason coded as "death"
- 3) Expected mortality based on Annuity 2000 table projected to 2007 along with selection factors

**Exhibit 2B - Mortality Study**  
**CMFG Life Insurance Company**  
**Experience by Attained Age**

Attained Age	Total Lives	Total Terminations	Actual Deaths	Expected Deaths	Actual Mortality Rate	Expected Mortality Rate	A:E
<=49	16,169	702	7	9	0.04%	0.06%	77%
50-54	28,847	1,138	34	30	0.12%	0.10%	115%
55-59	53,509	1,620	82	90	0.15%	0.17%	91%
60-64	65,906	1,798	126	178	0.19%	0.27%	71%
65-69	51,408	1,477	234	243	0.46%	0.47%	96%
70-74	27,954	916	191	243	0.68%	0.87%	79%
75-79	12,424	495	175	209	1.41%	1.68%	84%
80-84	3,808	224	118	128	3.10%	3.37%	92%
85-89	846	90	50	53	5.91%	6.30%	94%
90+	107	17	9	13	8.41%	12.09%	70%
Total	260,978	8,477	1,026	1,197	0.39%	0.46%	86%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Deaths based on either match to Death Master File or termination reason coded as "death"
- 3) Expected mortality based on Annuity 2000 table projected to 2007 along with selection factors

**Exhibit 2C - Mortality Study  
CMFG Life Insurance Company  
Experience by Gender**

Gender	Total Lives	Total Terminations	Actual Deaths	Expected Deaths	Mortality Rate		A:E
					Actual	Expected	
Female	154,226	5,048	466	581	0.30%	0.38%	80%
Male	106,752	3,429	560	616	0.52%	0.58%	91%
Total	260,978	8,477	1,026	1,197	0.39%	0.46%	86%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Deaths based on either match to Death Master File or termination reason coded as "death"
- 3) Expected mortality based on Annuity 2000 table projected to 2007 along with selection factors

**Exhibit 2D - Mortality Study  
CMFG Life Insurance Company  
Experience by Product**

Product	Total Lives	Total Terminations	Actual Deaths	Expected Deaths	Mortality Rate		A:E
					Actual	Expected	
1993	8,098	251	146	150	1.80%	1.85%	97%
1997	38,273	1,070	212	246	0.55%	0.64%	86%
2002	134,460	4,223	486	571	0.36%	0.42%	85%
2006	80,147	2,933	182	230	0.23%	0.29%	79%
Total	260,978	8,477	1,026	1,197	0.39%	0.46%	86%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Deaths based on either match to Death Master File or termination reason coded as "death"
- 3) Expected mortality based on Annuity 2000 table projected to 2007 along with selection factors

**Exhibit 2E - Mortality Study  
CMFG Life Insurance Company  
Experience by Marital Status**

Marital Status	Total Lives	Total Terminations	Actual Deaths	Expected Deaths	Mortality Rate		A:E
					Actual	Expected	
Single	63,082	2,718	377	416	0.33%	0.42%	78%
Married - 1 Insured	39,367	1,908	128	164	0.33%	0.39%	85%
Married - 2 Insured	158,529	3,851	521	616	0.60%	0.66%	91%
Total	260,978	8,477	1,026	1,197	0.39%	0.46%	86%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Deaths based on either match to Death Master File or termination reason coded as "death"
- 3) Expected mortality based on Annuity 2000 table projected to 2007 along with selection factors

**Exhibit 2F - Mortality Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**

Policy Duration	Mortality Rate - Actual to Expected				Total
	1993	1997	2002	2006	
1 to 3	210%	175%	105%	93%	107%
4 to 6	137%	120%	81%	70%	83%
7 to 9	104%	97%	82%	55%	86%
10 to 12	73%	54%	69%		62%
13+	92%	80%			87%
Total	97%	86%	85%	79%	86%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Deaths based on either match to Death Master File or termination reason coded as "death"
- 3) Expected mortality based on Annuity 2000 table projected to 2007 along with selection factors

**Exhibit 1A - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Calendar Year**  
**All Business**

Calendar Year	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
2002	3,141	8	957,535	84,890	130,303	1,042,426	8	63,175	530,414	9%	95%	206%	197%
2003	3,927	16	527,034	-	32,940	527,034	10	65,971	692,288	12%	152%	50%	76%
2004	6,182	2	123,092	-	61,546	123,092	14	68,401	956,723	4%	14%	90%	13%
2005	9,222	15	1,572,050	259,815	122,124	1,831,865	19	70,721	1,312,326	12%	81%	173%	140%
2006	13,551	18	1,356,412	62,244	78,814	1,418,656	24	72,933	1,759,633	13%	75%	108%	81%
2007	19,078	28	1,337,968	192,588	54,663	1,530,557	31	74,606	2,348,475	16%	89%	73%	65%
2008	24,265	34	2,234,160	681,638	85,759	2,915,797	40	76,423	3,069,087	18%	85%	112%	95%
2009	28,628	46	3,170,895	700,742	84,166	3,871,637	50	78,505	3,939,969	21%	92%	107%	98%
2010	32,906	54	2,960,589	756,315	68,832	3,716,904	62	80,950	4,984,770	22%	88%	85%	75%
2011	33,558	82	4,172,385	2,207,792	77,807	6,380,178	73	83,877	6,146,901	28%	112%	93%	104%
2012	32,643	89	3,593,791	3,833,150	83,449	7,426,942	84	87,202	7,335,436	29%	106%	96%	101%
2013	31,948	92	2,159,742	7,195,799	101,691	9,355,541	97	90,997	8,857,909	29%	95%	112%	106%
2014	31,208	176	502,930	16,387,807	95,739	16,890,737	112	94,536	10,590,991	40%	157%	101%	159%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082) ^{0.5}$
- 8) Expected values include product fitting factors



**Exhibit 1B - Claim Study  
CMFG Life Insurance Company  
Experience by Product Series  
All Business**

Product Series	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
1993	4,943	70	3,510,521	2,265,705	83,011	5,776,226	99	70,786	7,037,561	25%	70%	117%	82%
1997	34,290	143	7,645,281	5,570,241	92,478	13,215,522	142	88,788	12,573,941	36%	101%	104%	105%
2002	142,633	311	10,807,387	16,488,728	87,632	27,296,115	269	89,216	24,017,041	54%	116%	98%	114%
2006	88,390	136	2,705,395	8,038,106	78,735	10,743,501	116	77,023	8,896,378	36%	118%	102%	121%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

Notes:

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082)^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1C - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Calendar Year**  
**Product Series: 1993**

Calendar Year	Total Lives	Actual Claims					Expected Claims			Credibility Measure	Actual to Expected		
		Count	Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
2002	462	6	581,029	-	96,838	581,029	5	57,969	261,918	7%	133%	167%	222%
2003	450	5	112,377	-	22,475	112,377	5	59,448	301,425	7%	99%	38%	37%
2004	443	0	-	-	-	-	6	61,265	358,419	0%	0%	0%	0%
2005	433	4	247,713	-	61,928	247,713	7	62,982	419,364	6%	60%	98%	59%
2006	415	2	137,255	-	68,627	137,255	7	64,731	464,298	4%	28%	106%	30%
2007	398	2	156,622	-	78,311	156,622	8	66,707	513,928	4%	26%	117%	30%
2008	388	2	16,609	-	8,304	16,609	8	67,996	549,736	4%	25%	12%	3%
2009	376	11	954,151	76,496	93,695	1,030,647	9	69,575	595,459	10%	129%	135%	173%
2010	356	2	190,070	108,604	149,337	298,674	9	72,450	638,255	4%	23%	206%	47%
2011	337	8	317,539	93,444	51,373	410,982	9	75,331	680,376	9%	89%	68%	60%
2012	315	11	533,987	569,373	100,305	1,103,360	9	77,166	709,998	10%	120%	130%	155%
2013	292	8	253,076	515,085	96,020	768,162	9	81,378	744,895	9%	87%	118%	103%
2014	278	9	10,092	902,703	106,341	912,795	10	83,221	799,491	9%	89%	128%	114%
Total	4,943	70	3,510,521	2,265,705	83,011	5,776,226	99	70,786	7,037,561	25%	70%	117%	82%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula = (Count of Actual Claims / 1,082) ^ 0.5
- 8) Expected values include product fitting factors

**Exhibit 1D - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Calendar Year**  
**Product Series: 1997**

Calendar Year	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
2002	2,679	2	376,506	84,890	230,698	461,396	4	69,244	268,458	4%	52%	333%	172%
2003	2,996	9	410,840	-	45,649	410,840	5	72,479	371,334	9%	176%	63%	111%
2004	2,979	1	20,568	-	20,568	20,568	6	75,180	479,026	3%	16%	27%	4%
2005	2,898	5	1,032,225	259,815	258,408	1,292,040	8	77,677	585,813	7%	66%	333%	221%
2006	2,801	9	702,673	62,244	84,991	764,917	9	79,909	696,469	9%	103%	106%	110%
2007	2,729	11	497,462	-	45,224	497,462	10	81,435	810,487	10%	111%	56%	61%
2008	2,659	10	924,102	164,575	108,868	1,088,677	11	83,663	930,172	10%	90%	130%	117%
2009	2,599	12	768,948	417,083	98,836	1,186,031	12	86,091	1,059,989	11%	97%	115%	112%
2010	2,547	16	797,171	170,648	60,489	967,819	14	88,972	1,202,373	12%	118%	68%	80%
2011	2,492	13	856,052	348,168	92,632	1,204,221	15	91,874	1,361,324	11%	88%	101%	88%
2012	2,377	12	594,701	645,667	103,364	1,240,367	15	96,045	1,469,450	11%	78%	108%	84%
2013	2,295	16	559,197	1,415,930	123,445	1,975,127	16	99,986	1,605,796	12%	100%	123%	123%
2014	2,239	27	104,837	2,001,220	78,277	2,106,057	17	102,475	1,733,250	16%	159%	76%	122%
Total	34,290	143	7,645,281	5,570,241	92,478	13,215,522	142	88,788	12,573,941	36%	101%	104%	105%

Notes:

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula = (Count of Actual Claims / 1,082) ^ 0.5
- 8) Expected values include product fitting factors

**Exhibit 1E - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Calendar Year**  
**Product Series: 2002**

Calendar Year	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
2002	0	0	-	-	-	-	0	55,453	38	0%	0%	0%	0%
2003	480	2	3,816	-	1,908	3,816	0	65,074	19,529	4%	666%	3%	20%
2004	2,760	1	102,525	-	102,525	102,525	2	67,585	119,278	3%	57%	152%	86%
2005	5,891	6	292,112	-	48,685	292,112	4	70,509	307,148	7%	138%	69%	95%
2006	10,335	7	516,484	-	73,783	516,484	8	72,694	598,845	8%	85%	101%	86%
2007	14,771	15	683,884	192,588	58,432	876,473	13	74,931	991,206	12%	113%	78%	88%
2008	16,283	18	1,120,647	517,062	90,984	1,637,710	18	77,904	1,419,787	13%	99%	117%	115%
2009	16,321	18	1,376,609	92,941	81,642	1,469,549	23	81,064	1,867,971	13%	78%	101%	79%
2010	15,824	26	1,727,222	167,074	72,858	1,894,296	28	84,379	2,351,719	16%	93%	86%	81%
2011	15,440	44	2,181,990	1,054,661	73,560	3,236,651	33	88,118	2,912,048	20%	133%	83%	111%
2012	15,110	38	1,569,523	1,909,686	91,558	3,479,209	39	92,057	3,559,966	19%	98%	99%	98%
2013	14,862	40	915,135	3,498,873	110,350	4,414,008	46	96,133	4,446,167	19%	86%	115%	99%
2014	14,557	96	317,440	9,055,843	97,148	9,373,283	54	100,051	5,423,338	30%	178%	97%	173%
Total	142,633	311	10,807,387	16,488,728	87,632	27,296,115	269	89,216	24,017,041	54%	116%	98%	114%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082) ^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1F - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Calendar Year**  
**Product Series: 2006**

Calendar Year	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
2006	0	0	-	-	-	-	0	55,940	21	0%	0%	0%	0%
2007	1,180	0	-	-	-	-	1	55,362	32,855	0%	0%	0%	0%
2008	4,935	4	172,802	-	43,200	172,802	3	62,020	169,392	6%	146%	70%	102%
2009	9,333	5	71,188	114,222	37,082	185,410	6	66,398	416,551	7%	80%	56%	45%
2010	14,179	10	246,126	309,989	55,611	556,115	11	69,609	792,423	10%	88%	80%	70%
2011	15,289	17	816,804	711,519	89,901	1,528,324	16	72,804	1,193,153	13%	104%	123%	128%
2012	14,840	28	895,580	708,425	57,286	1,604,005	21	76,190	1,596,021	16%	134%	75%	101%
2013	14,499	28	432,334	1,765,910	78,509	2,198,244	26	79,641	2,061,050	16%	108%	99%	107%
2014	14,134	44	70,561	4,428,041	101,201	4,498,602	31	84,169	2,634,912	20%	142%	120%	171%
Total	88,390	136	2,705,395	8,038,106	78,735	10,743,501	116	77,023	8,896,378	36%	118%	102%	121%

Notes:

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082) ^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1G - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Attained Age**  
**All Business**

Attained Age	Total Lives	Count	Actual Claims		Severity	Incurred	Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve			Count	Severity	Incurred		Incidence	Severity	Incurred
<60	97,009	48	2,630,264	3,179,695	122,225	5,809,959	35	103,900	3,644,497	21%	136%	118%	159%
60 - 69	124,318	151	5,097,403	9,125,014	94,203	14,222,417	145	98,018	14,187,876	37%	104%	96%	100%
70 - 79	43,864	282	10,513,266	12,360,492	81,191	22,873,758	266	82,374	21,889,487	51%	106%	99%	104%
80 - 89	4,943	171	6,235,577	7,163,198	78,310	13,398,775	165	72,436	11,924,234	40%	104%	108%	112%
90 +	122	9	192,074	534,381	79,958	726,455	16	56,448	878,827	9%	58%	142%	83%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082)^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1H - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**All Business**

Policy Duration	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
1 - 3	104,547	91	4,580,875	2,083,474	73,234	6,664,349	83	72,953	6,022,338	29%	110%	100%	111%
4 - 6	92,062	185	7,531,854	6,712,688	77,124	14,244,541	167	81,818	13,635,567	41%	111%	94%	104%
7 - 9	49,922	173	5,921,415	11,566,207	100,933	17,487,622	169	89,185	15,110,275	40%	102%	113%	116%
10 - 12	15,890	113	3,214,252	6,274,022	83,764	9,488,273	99	89,393	8,869,079	32%	114%	94%	107%
13 +	7,836	98	3,420,189	5,726,390	93,147	9,146,579	108	82,374	8,887,662	30%	91%	113%	103%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

Notes:

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082) ^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1I - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**Single Insureds**

Policy Duration	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
1 - 3	20,296	29	2,529,829	878,092	117,515	3,407,921	33	69,748	2,282,837	16%	89%	168%	149%
4 - 6	18,379	72	3,737,076	1,566,170	73,664	5,303,246	63	78,366	4,960,069	26%	114%	94%	107%
7 - 9	11,829	65	2,782,034	3,028,561	89,064	5,810,595	73	83,513	6,114,789	25%	89%	107%	95%
10 - 12	5,655	59	1,961,093	2,803,739	80,647	4,764,832	60	83,111	5,011,200	23%	98%	97%	95%
13 +	4,411	78	3,080,923	4,226,073	93,541	7,306,996	91	79,844	7,300,265	27%	85%	117%	100%
Total	60,569	303	14,090,955	12,502,635	87,643	26,593,590	321	79,974	25,669,160	53%	95%	110%	104%

Notes:

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082) ^{0.5}$
- 8) Expected values include product fitting factors



**Exhibit 1J - Claim Study  
CMFG Life Insurance Company  
Experience by Policy Duration  
Married Insureds**

Policy Duration	Total Lives	Count	Actual Claims		Severity	Incurred	Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve			Count	Severity	Incurred		Incidence	Severity	Incurred
1 - 3	84,251	62	2,051,046	1,205,383	52,523	3,256,428	50	75,058	3,739,501	24%	124%	70%	87%
4 - 6	73,682	113	3,794,777	5,146,518	79,334	8,941,295	103	83,932	8,675,498	32%	109%	95%	103%
7 - 9	38,093	108	3,139,382	8,537,646	108,102	11,677,028	96	93,503	8,995,486	32%	112%	116%	130%
10 - 12	10,236	54	1,253,158	3,470,283	87,163	4,723,441	39	99,128	3,857,878	22%	139%	88%	122%
13 +	3,425	20	339,266	1,500,317	91,617	1,839,583	16	96,421	1,587,398	14%	122%	95%	116%
Total	209,687	357	10,577,629	19,860,146	85,261	30,437,775	305	88,117	26,855,761	57%	117%	97%	113%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082) ^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1K - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Issue Age**  
**All Business**

Issue Age	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
<=49	29,314	20	1,848,301	1,663,692	174,837	3,511,992	12	115,827	1,343,458	14%	173%	151%	261%
50-54	49,675	35	1,090,189	2,506,793	103,263	3,596,982	28	113,232	3,154,203	18%	125%	91%	114%
55-59	70,518	72	1,723,772	5,432,341	99,231	7,156,113	62	105,740	6,582,637	26%	116%	94%	109%
60-64	65,126	119	3,881,765	6,589,564	88,156	10,471,329	112	94,376	10,604,306	33%	106%	93%	99%
65-69	35,796	160	7,006,736	7,042,492	87,774	14,049,228	152	83,109	12,636,686	38%	105%	106%	111%
70-74	15,708	157	5,818,036	6,417,320	77,697	12,235,356	164	71,943	11,800,527	38%	96%	108%	104%
75-79	3,747	77	2,432,354	2,333,688	62,129	4,766,042	76	69,540	5,297,041	27%	101%	89%	90%
80+	373	20	867,432	376,891	61,123	1,244,322	19	56,941	1,106,063	14%	105%	107%	113%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula = (Count of Actual Claims / 1,082) ^ 0.5
- 8) Expected values include product fitting factors

**Exhibit 1L - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Coverage Type**  
**All Business**

Coverage Type	Total Lives	Count	Actual Claims		Severity	Incurred	Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve			Count	Severity	Incurred		Incidence	Severity	Incurred
Home Care Only	5,077	7	222,653	267,141	67,124	489,794	17	64,933	1,073,215	8%	44%	103%	46%
Facility Only	11,243	31	965,497	1,841,060	90,097	2,806,557	37	97,751	3,607,895	17%	84%	92%	78%
Comprehensive	253,936	622	23,480,434	30,254,580	86,394	53,735,014	572	83,598	47,843,811	76%	109%	103%	112%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula = (Count of Actual Claims / 1,082) ^ 0.5
- 8) Expected values include product fitting factors

**Exhibit 1M - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Benefit Period**  
**All Business**

Benefit Period	Total Lives	Count	Actual Claims		Severity	Incurred	Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve			Count	Severity	Incurred		Incidence	Severity	Incurred
Non-Lifetime	233,243	523	17,905,116	23,954,049	80,097	41,859,165	487	74,553	36,323,169	69%	107%	107%	115%
Lifetime	37,013	138	6,763,468	8,408,731	110,087	15,172,200	139	116,954	16,201,752	36%	99%	94%	94%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

Notes:

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082)^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1N - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Elimination Period**  
**All Business**

Elimination Period (days)	Total Lives	Count	Actual Claims		Severity	Incurred	Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve			Count	Severity	Incurred		Incidence	Severity	Incurred
0 and 30	66,221	163	6,760,127	6,902,567	83,662	13,662,694	186	78,770	14,681,312	39%	88%	106%	93%
31 to 90	184,178	432	16,159,575	21,883,875	87,977	38,043,450	389	86,922	33,773,703	63%	111%	101%	113%
91 +	19,857	65	1,748,882	3,576,339	82,316	5,325,221	51	80,105	4,069,906	24%	127%	103%	131%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082)^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 10 - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Daily Benefit**  
**All Business**

Daily Benefit	Total Lives	Count	Actual Claims		Severity	Incurred	Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve			Count	Severity	Incurred		Incidence	Severity	Incurred
0 to 99	36,278	182	6,603,720	6,142,478	70,129	12,746,198	190	59,234	11,276,627	41%	95%	118%	113%
100 to 149	118,450	300	10,162,305	13,395,458	78,611	23,557,764	286	84,853	24,248,300	53%	105%	93%	97%
150 +	115,528	179	7,902,559	12,824,844	115,798	20,727,403	150	113,635	16,999,995	41%	120%	102%	122%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082)^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1P - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Inflation Protection Option**  
**All Business**

Inflation Type	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
None	47,503	272	10,839,521	9,099,140	73,278	19,938,661	289	66,265	19,126,388	50%	94%	111%	104%
Simple	31,313	64	2,385,165	3,637,683	94,167	6,022,847	55	104,549	5,787,321	24%	116%	90%	104%
Compound	191,298	320	11,157,809	19,363,460	95,269	30,521,269	279	98,137	27,415,157	54%	115%	97%	111%
GPO	142	4	286,090	262,497	137,126	548,587	2	81,739	196,055	6%	167%	168%	280%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula = (Count of Actual Claims / 1,082) ^ 0.5
- 8) Expected values include product fitting factors

**Exhibit 1Q - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Home Health Percentage**  
**All Business**

Home Health Percentage	Total Lives	Count	Actual Claims		Severity	Incurred	Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve			Count	Severity	Incurred		Incidence	Severity	Incurred
0 pct	11,243	31	965,497	1,841,060	90,097	2,806,557	37	97,751	3,607,895	17%	84%	92%	78%
1 to 99 pct	58,359	216	9,869,084	8,350,462	84,224	18,219,546	231	76,618	17,673,946	45%	94%	110%	103%
100 pct	189,755	357	12,563,508	19,586,133	89,960	32,149,641	327	87,576	28,652,666	57%	109%	103%	112%
101+ pct	10,899	56	1,270,496	2,585,125	69,379	3,855,621	31	83,611	2,590,414	23%	179%	83%	149%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

Notes:

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082)^{0.5}$
- 8) Expected values include product fitting factors



**Exhibit 1R - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Gender**  
**All Business**

Gender	Total Lives	Count	Actual Claims		Severity	Incurred	Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve			Count	Severity	Incurred		Incidence	Severity	Incurred
Female	159,371	423	15,797,167	20,940,004	86,827	36,737,171	408	87,809	35,816,191	63%	104%	99%	103%
Male	110,885	237	8,871,417	11,422,776	85,515	20,294,194	218	76,696	16,708,731	47%	109%	111%	121%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

Notes:

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082)^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1S - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Risk Class**  
**All Business**

Risk Class	Total Lives	Count	Actual Claims			Severity	Incurred	Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve				Count	Severity	Incurred		Incidence	Severity	Incurred
Preferred	97,197	162	5,714,901	8,690,272		89,051	14,405,173	194	83,546	16,174,024	39%	84%	107%	89%
Standard	163,003	467	18,053,020	21,397,289		84,388	39,450,309	408	84,717	34,569,851	66%	115%	100%	114%
Sub Standard	10,057	31	900,663	2,275,219		101,878	3,175,882	24	73,941	1,781,046	17%	129%	138%	178%
Total	270,256	660	24,668,584	32,362,780		86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula = (Count of Actual Claims / 1,082) ^ 0.5
- 8) Expected values include product fitting factors

**Exhibit 1T - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Marital Status**  
**All Business**

Marital Status	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
Single	60,569	303	14,090,955	12,502,635	87,643	26,593,590	321	79,974	25,669,160	53%	95%	110%	104%
Married - 1 Insured	41,971	107	2,968,403	5,737,158	81,315	8,705,561	97	81,115	7,882,689	31%	110%	100%	110%
Married - 2 Insureds	167,716	250	7,609,226	14,122,987	86,952	21,732,213	208	91,395	18,973,072	48%	120%	95%	115%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

Notes:

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula = (Count of Actual Claims / 1,082) ^ 0.5
- 8) Expected values include product fitting factors

Exhibit CMFG Life Insurance Company Long Term Care Insurance Claim Reserve Retrospective Test																		
Test Valuation Date	IBNR	IBNR / Total	DLR + ICOS	Starting Claim Reserve	2007	2008	2009	Claims Paid		2012	2013	2014	Present Value Of Paid Claims	Present Value of Remaining Claim Reserve	Percent Remaining	Retrospective Test Reserve	Amount of Excess / (Deficiency)	Percent Excess / (Deficiency)
12/31/2006	1,470,000	27%	3,878,364	5,348,364	951,410	939,676	778,788	586,465	464,525	250,128	232,705	193,829	3,806,338	417,982	8%	4,224,320	1,124,044	21%
12/31/2007	1,156,000	16%	6,253,520	7,409,520		1,409,626	1,125,668	800,959	575,368	306,557	295,496	259,397	4,233,052	612,908	8%	4,845,961	2,563,560	35%
12/31/2008	960,000	12%	6,914,698	7,874,698			1,801,588	1,334,797	985,909	593,897	519,099	405,493	5,050,611	1,270,541	16%	6,321,152	1,553,546	20%
12/31/2009	1,027,000	11%	8,208,685	9,235,685				2,275,882	1,830,489	1,258,687	1,025,433	721,862	6,423,503	1,982,681	21%	8,406,184	829,502	9%
12/31/2010	566,000	5%	10,914,592	11,480,592					2,764,753	2,140,856	1,728,442	1,152,695	7,134,988	2,798,203	24%	9,933,191	1,547,401	13%
12/31/2011	559,000	4%	14,925,454	15,484,454						3,731,467	3,080,113	2,201,084	8,400,649	5,037,992	33%	13,438,641	2,045,813	13%
12/31/2012	721,000	4%	18,086,848	18,807,848						4,728,628	3,851,409	8,157,913	9,001,388	48%		17,159,301	1,648,547	9%
Average =																	1,616,059	17%

- Notes:
- 1) Starting Claim Reserve is made up of ICOS, DLR, and IBNR.
  - 2) Claims Paid include only claim payments for claims incurred before the test valuation date.
  - 3) Present Value of Paid Claims assume middle of year payment and are discounted back to the test valuation date.
  - 4) Remaining Claim Reserve as of 12/31/2014 for claims incurred prior to the test valuation date, discounted back to the test valuation date.
  - 5) Present values calculated at 5.50% (both paid claims and remaining claim reserve).
  - 6) Retrospective Test Reserve is the sum of present value of paid claim plus the present value of remaining claim reserve.
  - 7) A minor inconsistency exists between claim incurred dates. The claim reserves are based on CMFG Life's incurred date while the paid claims are based on Milliman's date.

## **Long-Term Care Policy Benefit Change Options**

To defray the cost of insurance to your Long-Term Care Policy, CMFG Life Insurance Company offers changes to your existing benefits. The following Q&A provides additional information about what changes are available and how they would impact your current benefits and premium. Representatives are available to answer any other questions about your policy and to help you make any changes you deem beneficial. Please call our toll-free number [(866.245.7133)].

For each of the following examples, we will assume the policyholder is male, issue age 65, who has received notification of his rate increase and has the following benefits on his policy:

- \$4,500/month Maximum Monthly Benefit (MMB)  
(Nursing Facility=100% of MMB and Home Health Care/Home Care=100% of MMB)
- Lifetime Maximum Benefit Period
- 60-Day Elimination Period (EP)
- Nonforfeiture Benefit Rider
- Home and Community Care 10-Day Elimination Period Rider
- Inflation Protection Option Rider- 5% Compounded for Lifetime
- Premiums are paid on an annual basis

The policyholder's increased annual premium based on the benefits above is \$ [12,873.34].

### **Changes to Standard Benefits (options involve increasing and decreasing):**

**Q: If he decreases his Maximum Monthly Benefit Amount from \$4,500/month to \$3,000/month, what will the impact be?**

A: The change will result in an annual premium reduction of \$[12,873.34]. The Maximum Monthly Benefit Amount can range from \$1,500-\$15,000 (in \$100 increments). Decreases would reduce the maximum benefits payable per day and increase potential personal liability for your care if the actual cost of care is greater.

**Q: If he decreases his Maximum Benefit Period from Lifetime to 5-Year, what will the impact be?**

A: This change will result in an annual premium reduction of \$[4,291.11]. Benefit Periods available (not all periods are available in every state) are 1, 2, 3, 4, 5 years and Lifetime. Reducing the number of years of your Benefit Period reduces the number of years the benefit is payable.

**Q: If he increases his Elimination Period from 60 days to 90 days, what will the impact be?**

A: This change will result in an annual premium reduction of \$[952.58]. The Elimination Periods available (not all periods are available in every state) are 30, 60, 90, 100, and 180 days. Increasing the number of days for the Elimination Period would increase the period of time before benefits are payable.

**Changes to Optional Benefits (the option is to remove the benefit):**

**Q: If he removes the Nonforfeiture Lapse Benefit, what is the impact?**

A: This change will result in an annual premium reduction of \$[2,324.88]. No paid-up benefit would be provided if the policy lapses due to nonpayment of premium.

**Q: If he removes the Home and Community Care 10-Day Elimination Period Rider, what is the impact?**

A: This change will result in an annual premium reduction of \$[2,037.19]. The Elimination Period will not reduce for home and community care.

**Q: If he removes the Lifetime Compound Interest Inflation Protection, what is the impact?**

A: This change will result in an annual premium reduction of \$[6,943.11]. No additional automatic increases would be made to the policy (the maximum monthly benefit amount will be frozen).

**Note:**

1. Changes to any benefits listed above will reduce CMFG Life's liability under the Long-Term Care policy and may increase personal out-of-pocket expense.
2. Benefits may vary by state. Refer to your policy for more details.

**CUNA Mutual Life - Long Term Care**  
**Basic Annual Premiums per \$100 Max. Monthly Facility Benefit**  
**90 Day Elimination Period**  
**Single, Standard**  
**0% Home Care**

<u>Issue</u>	<u>1 Year</u>	<u>2 Year</u>	<u>3 Year</u>	<u>4 Year</u>	<u>5 Year</u>	<u>Life</u>
18-29	2.40	3.80	4.80	5.60	6.40	10.00
30-34	3.00	4.80	6.10	7.10	8.20	12.80
35-39	3.80	6.00	7.60	8.90	10.10	15.90
40-44	4.70	7.40	9.40	11.00	12.60	19.70
45	5.40	8.70	10.90	12.80	14.60	23.00
46	5.70	9.10	11.40	13.40	15.30	24.00
47	5.90	9.50	11.90	14.00	16.00	25.10
48	6.10	9.80	12.30	14.40	16.50	25.90
49	6.30	10.00	12.60	14.70	16.90	26.00
50	6.40	10.20	12.80	15.10	17.20	27.00
51	6.50	10.40	13.10	15.40	17.60	28.00
52	6.70	10.80	13.50	15.90	18.20	29.00
53	7.00	11.10	14.00	16.50	18.80	30.00
54	7.20	11.60	14.50	17.00	19.50	31.00
55	7.50	12.00	15.10	18.00	20.30	32.00
56	7.90	12.60	16.00	19.00	21.00	33.00
57	8.30	13.30	17.00	20.00	22.00	35.00
58	8.80	14.00	18.00	21.00	24.00	37.00
59	9.40	15.00	19.00	22.00	25.00	40.00
60	10.00	16.00	20.00	24.00	27.00	42.00
61	11.00	17.00	22.00	25.00	29.00	45.00
62	12.00	19.00	23.00	27.00	31.00	49.00
63	13.00	20.00	25.00	30.00	34.00	53.00
64	14.00	22.00	27.00	32.00	37.00	57.00
65	15.00	24.00	30.00	35.00	40.00	62.00
66	16.00	26.00	32.00	38.00	43.00	68.00
67	18.00	28.00	36.00	42.00	48.00	75.00
68	20.00	32.00	40.00	47.00	53.00	84.00
69	22.00	35.00	44.00	52.00	59.00	93.00
70	24.00	39.00	49.00	57.00	66.00	103.00
71	27.00	43.00	55.00	64.00	73.00	115.00
72	30.00	49.00	61.00	72.00	82.00	129.00
73	34.00	55.00	69.00	81.00	93.00	145.00
74	39.00	62.00	78.00	91.00	104.00	164.00
75	44.00	69.00	87.00	103.00	117.00	184.00
76	49.00	78.00	98.00	115.00	131.00	205.00
77	54.00	86.00	108.00	127.00	145.00	227.00
78	59.00	94.00	119.00	139.00	159.00	250.00
79	65.00	103.00	130.00	153.00	174.00	274.00
80	71.00	113.00	142.00	166.00	190.00	298.00
81	77.00	122.00	154.00	181.00	207.00	324.00
82	83.00	133.00	167.00	196.00	224.00	351.00
83	90.00	144.00	181.00	213.00	244.00	382.00
84	98.00	156.00	196.00	230.00	263.00	413.00
85	105.00	168.00	211.00	247.00	283.00	444.00
86	112.00	179.00	226.00	265.00	303.00	475.00
87	120.00	191.00	240.00	282.00	322.00	506.00
88	127.00	202.00	255.00	299.00	342.00	537.00
89	134.00	214.00	270.00	316.00	362.00	568.00
90	141.00	226.00	284.00	334.00	382.00	598.00

Base Policy Form 2006-LTC-COMP(VA)

CUNA Mutual Life - Long Term Care  
Limited Pay Option, Nonforfeiture and Refund of Premium Riders  
Rates shown as Multipliers

ISSUE AGE	PAY TO AGE 65 OR 10 YEARS OPTION	NON- FORFEITURE RIDER	REFUND OF PREMIUM AT DEATH PRIOR TO AGE 75 RIDER	REFUND OF PREMIUM AT DEATH RIDER
-----	-----	-----	-----	-----
18-29	1.71	1.08	1.11	1.40
30-34	1.72	1.09	1.11	1.40
35-39	1.75	1.10	1.11	1.40
40-44	1.84	1.11	1.13	1.44
45	1.93	1.12	1.14	1.52
46	1.97	1.12	1.14	1.56
47	2.02	1.12	1.14	1.59
48	2.08	1.12	1.14	1.62
49	2.15	1.12	1.14	1.65
50	2.22	1.12	1.14	1.68
51	2.30	1.12	1.14	1.71
52	2.39	1.12	1.14	1.74
53	2.49	1.12	1.14	1.77
54	2.59	1.13	1.14	1.80
55	2.70	1.13	1.14	1.83
56	2.64	1.13	1.14	1.87
57	2.58	1.14	1.14	1.90
58	2.52	1.14	1.14	1.94
59	2.46	1.14	1.14	1.97
60	2.40	1.14	1.13	2.01
61	2.34	1.14	1.13	2.05
62	2.28	1.14	1.12	2.08
63	2.21	1.13	1.11	2.11
64	2.14	1.13	1.10	2.14
65	2.07	1.13	1.09	2.17
66	2.01	1.13	1.07	2.20
67	1.94	1.13	1.06	2.23
68	1.88	1.13	1.05	2.27
69	1.82	1.13	1.04	2.31
70	1.76	1.13	1.03	2.36
71	1.70	1.13	1.02	2.40
72	1.65	1.13	1.01	2.43
73	1.60	1.13	1.01	2.44
74	1.56	1.13	1.01	2.46
75	1.52	1.13		2.47
76	1.48	1.12		2.49
77	1.44	1.12		2.50
78	1.41	1.12		2.50
79	1.37	1.12		2.50
80	1.34	1.12		2.50
81	1.30	1.12		2.50
82	1.27	1.12		2.50
83	1.24	1.12		2.50
84	1.22	1.12		2.50
85	1.20	1.12		2.50
86	1.18	1.12		2.50
87	1.16	1.12		2.50
88	1.14	1.12		2.50
89	1.12	1.12		2.50
90	1.10	1.12		2.50



**CUNA Mutual Life - Long Term Care**  
**Inflation Protection Riders**  
Rates Shown as Multipliers

ISSUE AGE	5% SIMPLE	3% COMPOUND	5% COMPOUND
18-29	1.86	2.38	3.96
30-34	1.83	2.23	3.65
35-39	1.82	2.11	3.36
40-44	1.78	1.95	3.01
45	1.73	1.82	2.78
46	1.71	1.79	2.72
47	1.70	1.75	2.66
48	1.69	1.74	2.63
49	1.68	1.73	2.62
50	1.68	1.73	2.61
51	1.68	1.72	2.59
52	1.68	1.72	2.57
53	1.68	1.70	2.54
54	1.68	1.69	2.51
55	1.68	1.68	2.48
56	1.67	1.66	2.44
57	1.67	1.64	2.39
58	1.65	1.62	2.34
59	1.64	1.60	2.29
60	1.63	1.57	2.24
61	1.61	1.55	2.18
62	1.59	1.52	2.13
63	1.58	1.50	2.08
64	1.57	1.48	2.05
65	1.56	1.46	2.01
66	1.54	1.45	1.96
67	1.52	1.42	1.92
68	1.51	1.40	1.87
69	1.49	1.38	1.83
70	1.47	1.37	1.79
71	1.46	1.35	1.75
72	1.44	1.33	1.71
73	1.43	1.31	1.68
74	1.41	1.30	1.64
75	1.40	1.29	1.61
76	1.39	1.28	1.58
77	1.38	1.27	1.56
78	1.37	1.26	1.55
79	1.37	1.26	1.54
80	1.37	1.26	1.53
81	1.36	1.26	1.52
82	1.36	1.26	1.51
83	1.36	1.25	1.49
84	1.36	1.25	1.48
85	1.35	1.25	1.47
86	1.35	1.25	1.46
87	1.35	1.25	1.45
88	1.35	1.25	1.45
89	1.35	1.25	1.44
90	1.35	1.24	1.44

CUNA Mutual Life - Long Term Care  
Elimination Period and Home Care Factors  
Discounts and Premium Mode Factors

Elimination Period Factors

30 day	1.20
60 day	1.08
90 day	1.00
100 day	0.98
180 day	0.89

Home Care Factors

Facility Only	1.00
50%	1.05
75%	1.10
100%	1.14
150%	1.20
200%	1.27

Discounts for Married and Preferred

	<u>Standard</u>	<u>Preferred</u>	<u>Healthy Lifestyle</u>
Single	0%	10%	15%
M - One Buying	15%	25%	30%
Couple	35%	45%	50%

Modal Premium Factors

Annual	1.000
Semi-annual	0.520
Quarterly - Dir	0.270
Quarterly - ACH	0.235
Monthly - ACH	0.090

CUNA Mutual Life - Long Term Care  
Miscellaneous Rider Premiums  
Shown as Multipliers

	<u>SHARED</u> <u>EXTENDED</u> <u>EXPENSE</u> <u>RIDER</u>	<u>RESTORATION OF</u> <u>MAXIMUM BENEFIT</u> <u>RIDER</u>
	Not	
1 Year	Available	1.10
2 Year	1.37	1.08
3 Year	1.37	1.06
4 Year	1.37	1.04
5 Year	1.37	1.02
	Not	
Life	Available	Not Available

	<u>HOME CARE</u> <u>10 DAY</u> <u>ELIMINATION</u> <u>PERIOD</u> <u>RIDER</u>
30 day	1.05
60 day	1.10
90 day	1.15
100 day	1.16
180 day	1.20

	<u>SPOUSE</u> <u>WAIVER OF</u> <u>PREMIUM AT</u> <u>DEATH</u> <u>RIDER</u>	<u>LIVING</u> <u>AT HOME RIDER</u>
All	1.10	1.04



State	Filing Status	Filed Date (Initial Request)	Approval / Acceptance Date	Rate Increase Approved/ Accepted	Add'l Filing Status	Add'l Filing Date	Add'l Approval / Acceptance Date	Add'l Rate Increase Approved/ Accepted	Add'l Filing Status	Add'l Filing Date	Add'l Approval / Acceptance Date	Add'l Rate Increase Approved/ Accepted	Add'l Filing Status	Add'l Filing Date	Add'l Approval / Acceptance Date	Add'l Rate Increase Approved/ Accepted	Add'l Filing Status	Add'l Filing Date	Add'l Approval / Acceptance Date	Add'l Rate Increase Approved/ Accepted	Total Annual written premium as of 12/31/2015	Total of Policyholders as of 12/31/2015
RI	Pending	12/16/2015																			\$56,246	30
SC	Approved	12/9/2015	2/25/2016	20%																	\$829,589	589
SD																					\$0	0
TN	Approved	7/5/2011	5/24/2012	25%	Approved	4/16/2013	10/7/2013	25%	Approved	12/15/2015	3/10/2016	28%									\$60,129	21
TX	Approved	12/30/2015	3/29/2016	50% yr 1 33% yr 3																	\$1,700,598	1,168
UT																					\$56,657	41
VA	Pending	12/30/2015																			\$1,796,818	1,151
VT																					\$0	0
WA	Pending	12/16/2015																			\$51,813	31
WI	Accepted	3/17/2011	4/27/2011	50%	Accepted	12/16/2015	4/1/2016	33%													\$78,207	34
WV	Pending	5/25/2016																			\$17,290	11
WY																					\$9,381	4

\*CMFG Life Insurance Company has been in the process of requesting at least a 50% rate increases on all of our products in all states. Two of our four products (2002 and 2006) have 10-year rate guarantees in most states therefore, with these two products, we are filing our requests as the 10-year guarantees begin to expire. The states shown in the chart above are those states where either there was no 10-year guarantee (CT, FL, GA, TN, WI) or the 10-year guarantee has expired or will expire soon.

\*\*In states where the rate increase filing has been disapproved, CMFG Life is continuing to work with the state to eventually gain approval of a rate increase.

\*\*\*FL - 10% rate increase for policyholders with issue ages less than age 65 with the increases decreasing linearly thereafter to 0% for issue ages 85-90.

\*\*\*\*FL - 10% rate increase for policyholders with issue ages less than age 55 with the increases decreasing linearly thereafter to 0% for issue ages 75-90.

**Response to 1/4/2016 Objections**

**Question #1**

*Question:* Please include the Overall % Indicated Change on the Rate/Rule Schedule based upon 14VAC5-200-153 C 2. The maximum valuation interest rate for contract reserves should be based upon 14VAC5-200-153 C4.

**Response:** The Overall Percentage Indicated Change based upon 14VAC5-200-153 C 2 was calculated to be 173% and is shown in Appendix B which is included in the file [VA Rate Basis Appendix – 2006.xlsx](#). The calculation uses an annual interest rate of 4.00% which was determined based on a weighted average of statutory valuation rates by policies sold by issue year and is consistent with 14VAC5-200-153 C 4. The Company has included the Overall Percentage Indicated Change based upon 14VAC5-200-153 C 2 on the Rate/Rule Schedule.

**Question #2**

*Question:* The Overall % Rate Impact and the Percent Rate Change Request should be amended to 99.5% rather than 100% ( $1.5 \times 1.33 = 1.995$ ). Please amend the Actuarial Memorandum accordingly.

**Response:** The Actuarial Memorandum has been amended to reference the 99.5% overall rate change request. The amended document is provided in the file [Act Memo – 2006 Series – VA.pdf](#).

**Question #3**

*Question:* Please amend the Rate Schedules to include the corresponding Affected Form Number with the appropriate rates. For example, the form number for Non-forfeiture Rider rates on page 2 should include 2006-LTCR-NFB(VA) underneath the name of the rider.

**Response:** The Rate Schedules have been amended to include the form numbers with the appropriate rates. These files are attached and labeled as [VA LTC 2006 New Rates 50 - set 1 of 2.pdf](#) and [VA LTC 2006 New Rates 50 x 33 - set 2 of 2.pdf](#).

**Question #4**

*Question:* According to the Actuarial Memorandum, these policies were sold from 2006 to 2010 and would be subject to the post stability regulations as set forth in 14VAC5-200-153. It is unclear why Section 19 of the Actuarial Memorandum indicates an approach for policies sold prior to the rate stabilization date if there were none.

**Response:** The body of the Actuarial Memorandum, including Section 19, was written to apply to each state where the product was issued. A description of an approach for calculating the maximum allowable rate increase for policies sold prior to the rate stabilization date is included as states have adopted the rate stabilization regulation at different times. The Company has provided information compliant to the post rate stability regulations set forth in 14VAC5-200-153 and any additional approaches can be used for comparison or informational purposes.

#### **Question #5**

*Question:* Please include an actual to expected analysis based on the original assumptions.

**Response:** The Company has provided an exhibit illustrating the difference between original pricing assumptions and current assumptions from issue of the product through to the end of the projection period. The attached file **Exhibit 1 – VA 2006 – A to E Comparisons.xlsx** compares actual to expected earned premium and incurred claims using the actual mix/distribution of business. The information provided in Exhibit 1 utilizes actual earned premium under the original pricing assumption column as the Company feels it is reasonable to use actual experience when available.

The Company has provided a step through exhibit which illustrates the change in the expected lifetime loss ratio as a result of changing the key assumptions of morbidity, mortality, and lapses. The attached file **Exhibit 2 – VA 2006 – expanded.xlsx** shows that expected lifetime loss ratio, with historical values accumulated and projected values discounted at 4%, increases by 22% from original pricing when the current mortality assumption is used. The expected lifetime loss ratio increases another 63% to a total of 152% when the current morbidity assumption is used. The lapse assumption does not significantly impact the expected lifetime loss ratio as the original pricing ultimate lapse rate is equal to the current lapse rate assumption.

The Company has provided an analysis of mortality, morbidity, and voluntary lapses as described in the document **Assumptions Details Descriptions 123114.pdf**. The assumption details document references the files **Mortality Analysis Details (Dec 2014).pdf**, **Total Persistency Comparisons (App D) (Dec 2014).pdf**, **Lapse Analysis Details (Dec 2014).pdf**, and **Morbidity Analysis Details (Dec 2014).pdf** which contain actual to expected analysis for the assumptions. All of these files were included in the December 2015 rate increase filing and are included with this response, as well.

#### **Question #6**

*Question:* Please provide a copy of the original loss ratio demonstration that was filed when this policy form was first approved.

**Response:** The original loss ratios by issue age and duration anticipated when the product was priced is provided in the file labeled **Exhibit 3 - Original Pricing LR – 2006.xlsx**.

#### **Question #7**

*Question:* Please provide a projection of anticipated future experience using the actual inforce policies on the projection date, but using the original premium scale and the original pricing assumptions for lapse, mortality and morbidity to project both future premiums and claims.

**Response:** The Company has provided the requested information in the file labeled **Exhibit 2 – VA 2006 – expanded.xlsx**, specifically in the columns labeled 'Original Persistency and Original Mortality'. The exhibit also shows the change in the expected lifetime loss ratio as a result of changing the key assumptions of morbidity, mortality, and lapses.

### **Question #8**

*Question:* Please explain what margins are included in the proposed rates to ensure that future rate increases will not be needed presuming the experience develops as projected including a demonstration that actual and projected costs exceed costs anticipated at the time of initial pricing under moderately adverse experience and that the composite margin is projected to be exhausted.

**Response:** The current moderately adverse experience (MAE) load applied to claims is 10%. The amount was determined based on guidance provided in the NAIC Long Term Care Insurance Model Regulation where the minimum margin is described to be not less than 10% of claims. The Company's experience does not justify a larger margin than 10% as claim experience continues to emerge and the current MAE is determined to be reasonable.

The Company has provided a sensitivity analysis of current future projections including the 10% MAE and excluding the 10% MAE in the file **MAE Sensitivity – 2006.xlsx**. The result is an increase in the expected life time loss ratio of 14% due to the additional 10% load applied to claims.

The original premiums were developed with a resulting expected lifetime loss ratio of 70.9%. If the company assumed a reasonable margin for adverse experience at the time of pricing of 10%, it is expected that the loss ratio would increase to 78%. The current expectation of the lifetime loss ratio without any rate increase and including the MAE load is 152%. The current estimate of the lifetime loss ratio relative to the original expectation plus a reasonable margin illustrates that any reasonable margin for adverse experience has been exhausted.

### **Question #9**

*Question:* Please provide a loss ratio projection reflecting the actual historical experience during the historical experience period and then, utilizing the actual inforce as of the projection date, projecting forward the expected earned premiums and incurred claims using the original pricing assumptions for interest, mortality, morbidity and persistency into the future and assuming the future premiums are paid based on the original premium scale with no increases.

**Response:** The Company has provided the requested information in the file labeled **Exhibit 4 – VA 2006 Loss Ratio A2E.xlsx**.

### **Question #10**

*Question:* We note the projected incurred claims with the rate increase are slightly higher than the projected incurred claims without the rate increase. Do you include waived premiums in both premiums and claims in the projections and thus the explanation of the difference? If so, are waived premiums similarly included in both earned premiums and incurred claims in the historical experience?

**Response:** Waiver of premium is included in both premiums and claims. After the rate increase, incurred claims will be slightly higher as the waiver of premium costs will be higher. Waived premiums are also included in the historical data in both earned premiums and incurred claims.



## **CMFG Life Insurance Company Long Term Care Insurance Rate Increase Filings**

### **SUPPLEMENTAL INFORMATION – KEY ASSUMPTIONS**

#### **CONFIDENTIAL**

CMFG Life Insurance Company (CMFG Life) is seeking rate increases on its Long Term Care Insurance (LTC) products because current estimates of lifetime loss ratios are in excess of expected. Persistency experience is the *primary* driver of our higher-than-expected loss ratios. The Company's LTC policy voluntary lapse rates and mortality experience are both emerging well below initial pricing assumptions, especially for older products.

Lapses, mortality and morbidity business drivers are inter-related, and we have not isolated each assumption to determine the independent impact of each. Although morbidity projections are also less favorable than expected in original pricing, the overwhelming issues are lower lapse and mortality rates; as a result, the Company will ultimately pay out much more in claims than was originally expected. We are now projecting lifetime loss ratios far in excess of what was assumed when the product was priced.

#### ***Model***

The projections of future experience were modeled using Milliman's modeling software, MG-ALFA. The assumptions and methodology are listed in the Actuarial Memorandum supporting the rate increase filing and described in further detail in this document. The attached file called "Model Formulas" provides further information on the formulas used to calculate the key components of the loss ratio. The model used the inforce policies as of 12/31/2014. The file called "DOB Exhibit" contains a distribution of business for each product by the key demographic and benefit characteristics.

#### ***Lapse Study Details***

Voluntary lapse rates were determined based on two approaches. In the first method, "actual lapses" were determined by subtracting actual deaths from total terminations. In the second method, "implied lapses" were determined by subtracting expected deaths from total terminations. To the extent that the actual deaths are understated (due to incorrect coding of Social Security Numbers), actual mortality will increase while actual lapses will decrease under the second method. The total termination rates will not change.

The lapse study is based fully upon CMFG Life's own experience, for all four proprietary LTC products, from inception. All of the business is individual; no group LTC experience is included. The study includes *only lifetime pay* policies; it excludes policies that were issued as single pay, 10 pay and paid-up at 65.

Detailed results of CMFG Life's internal lapse study are provided in the attached file called "Lapse Analysis Details". Exhibits provide the number of exposures and *total terminations* for each policy duration, in total (for the entire LTC block of four products), by gender, by product (for each of the four products), by marital status, and by inflation protection option. The current voluntary lapse rate assumptions are shown alongside the actual and *implied* voluntary lapse rates for each duration on each exhibit. Also included in this response is a file called "Total Persistency Comparisons (App D)", which contains a persistency summary. It shows a comparison of actual persistency experience to what was assumed in original pricing and to our current assumptions -- in total and by product.

### ***Mortality Study Details***

The analysis was built on the exposure calculations used in our incurred claim analysis. Actual deaths were determined using two techniques. First, an individual's Social Security Number was compared against the Social Security Death Master File to identify deceased individuals. Second, the policy termination reason code of "death" was used. A terminated policy was considered a death if the policyholder was determined to have died under either approach.

Expected mortality is based upon the Annuity 2000 table projected forward using Scale G (100% for males and 50% for females), along with mortality selection factors. The 2002 and 2006 Products have slightly lower mortality experience than the 1993 and 1997 Products. The mortality selection factors for the 1993 and 1997 Products start at 0.20 in year 1, grading up by 0.1 per year to 1.0 in year 9. The mortality selection factors for the 2002 and 2006 Products also start at 0.20 in duration 1 but grade to an ultimate of 0.95 in duration 14. The central point of the study period was 2009; therefore, the mortality table was projected to 2009 and used throughout the study. (Note that the *projections* assume continued mortality improvement, on same bases, to 2029. This is consistent with our assumption that morbidity will improve at the rate of 1% per year through 2029.)

The mortality study is based fully upon CMFG Life's own experience, for all four proprietary LTC products, from inception. All of the business is individual; no group experience is included.

Detailed results of CMFG Life's internal mortality study are provided in the attached file called "Mortality Analysis Details". Exhibits provide the number of exposures and *total terminations* for the entire LTC block of four products, by policy duration, by attained age, by gender, by product (for each of the four products), and by marital status. "Actual to Expected" mortality ratios are shown alongside the actual and expected mortality rates on each exhibit. As noted above, also included is a file called "Total Persistency Comparisons (App D)", which contains a persistency summary. It shows a comparison of actual persistency experience to what was assumed in original pricing and to our current assumptions -- in total and by LTC plan.

### ***Morbidity Study Details***

A claim experience analysis was performed on all of the Company's LTC business in order to develop appropriate morbidity assumptions for the loss ratio projections. Projection assumptions are based on a combination of CMFG Life's LTC historical claim experience, Milliman's 2014 LTC *Guidelines* and judgment. The *Guidelines* provide a flexible, but consistent, basis for the determination of claim costs for a wide variety of long term care benefit packages and are based on over \$25 billion of incurred LTC claims and 29 million life years of exposure. In addition to the information provided in this section, please see the file called "Morbidity Analysis Details", included with this response.

CMFG Life's claim experience was analyzed by incidence, severity, and incurred claims. The primary finding from the claim analysis was that the Company's overall claim experience fit reasonably well to the *Guidelines*. Limited adjustments were then made to the *Guidelines*, to develop a better fit to actual experience by product.

### **Claim Reserve Review**

As the majority of incurred claims is derived from the claim reserve (\$57.0 million incurred claims is made up of approximately \$24.7 million paid claims and \$32.4 remaining claim reserve), any assessment of the Company's incurred claims would be heavily impacted by the accuracy of the claim reserves. Therefore, a high level retrospective test was conducted to review the claim

reserves. Historical reserve balances, along with historical claim payment amounts, were used. Over the five prior year-ends tested (2008, 2009, 2010, 2011, and 2012), the claim reserve has been sufficient in all years. Please see the file called “Claim Reserve Retro Test” for further details. Therefore, it was concluded that the claim reserves were a reasonable basis to use in the incurred claim analysis.

### Claim Analysis Approach

The approach to developing a set of morbidity assumptions for projections was first to establish initial Baseline Expectations, based on the underwriting, claim management practices, and benefit design for each of CMFG Life’s products. The starting assumptions were based on Milliman’s *Guidelines*. Next, factors were established for each of our products.

More specifically, Baseline Expectations were comprised of the following factors:

- 1) Ultimate Claim Costs – Claim costs were generated using Milliman’s claim cost model which reflected differences in benefit design, age, and gender.
- 2) Selection Factors – The underwriting for each product was aligned to one of Milliman’s underwriting categories. Underwriting for the 1993 and 1997 products was approximately done at the “Moderate” level. Underwriting for the 2002 and 2006 products was a blend of “Tight” and “Moderate” levels, with higher proportions of “Tight” as issue ages increased.
- 3) Salvage Factors – Salvage factors were used to reflect that the CMFG Life maximum benefits will not be paid out, depending on the benefit design. An LTC inflation rate of 5.0% was assumed in determining the rate at which LTC expenses increase (and resulting salvage values).
- 4) Claim Management Factor – Based on the level of claim management CMFG Life conducts, a 5% reduction to claims was assumed.
- 5) Area Factors – For each product, the actual utilization differences by state were determined and a composite area factor was developed.
- 6) Risk Class Factors – The morbidity difference for each risk class was reflected in the risk class factor. Outside of the substandard factors, the risk class factors composite approximately to 1.00.
- 7) Additional Rider Factors – Several products have riders which include benefits above what is normally included in the *Guidelines*. The general approach was to apply a claim cost factor equal to the premium loads for the rider.

Table 1 shows that, overall, CMFG Life’s claim experience (01/01/02 – 12/31/14) fits reasonably well to the Baseline Expectations. (Note that incurred claims on Waiver of Premium are not included in the Table 1 numbers.)

Table 1  
CMFG Life LTC Products – Actual to “Baseline Expected” Claims

	<u>Actual</u>	<u>Baseline Expected*</u>	<u>Actual to Expected</u>
Life Yrs of Exposure	270,256	N/A	N/A
Count of Claims	660	686	96%
Severity per Claim	\$86,356	\$81,290	106%
Incurred Claims	\$57.0 million	\$55.8 million	102%

\* The Baseline Expected is based on Milliman’s LTC Guidelines without any Product fitting factors.

Table 2 provides additional insights about the variability of experience by product. (Note that incurred claims on Waiver of Premium are not included in the Table 2 numbers.)

Table 2  
CMFG Life LTC Products – Actual to “Baseline Expected” Claims

<u>Product</u>	<u>Actual Incurred Claims</u>	<u>Baseline Expected* Incurred Claims</u>	<u>Actual to Expected</u>
1993	\$ 5.8 Million	\$ 7.0 Million	82%
1997	13.2	10.5	126%
2002	27.3	29.5	93%
2006	10.7	8.8	122%
Total	\$ 57.0 Million	\$ 55.8 Million	102%

\* The Baseline Expected is based on Milliman’s LTC Guidelines without any Product fitting factors.

Please note that the expected claims in Tables 1 and 2 do not include any Product fitting factors. The expected claims shown in the file “**Morbidity Analysis Details**” do include the Product fitting factors.

8) Product Factors – The final step of the claim analysis was to review the experience by product. Since the experience of each product was not credible by itself, judgment, along with the experience on each product, was considered. The 1993 Product has very little credibility and experience in recent years has been fairly close to the “baseline expectations”, so a constant factor of 1.00 was selected. The 1997 Product has significantly worse experience, although not fully credible. It is anticipated that over time, the experience will trend back towards the Guidelines; however, it likely will remain at an elevated level. Therefore, the product factor for 1997 Product starts at 1.20 and grades down to 1.10 by 2022. The 2002 Product has lower actual claims than expected, although the majority of the experience is in the underwriting select period. Therefore, a product factor of 0.85 was selected. The 2006 Product has higher actual claims than expected, therefore a product factors of 1.01 was selected.

(Note that the *projections* assume morbidity will improve at the rate of 1% per year through 2029. This is consistent with our assumption that mortality will improve for 15 years into the future.)

**Exhibit 2A - Mortality Study  
CMFG Life Insurance Company  
Experience by Policy Duration**

Policy Duration	Total Lives	Total Terminations	Actual Deaths	Expected Deaths	Mortality Rate		A:E
					Actual	Expected	
1 to 3	113,006	4,903	232	218	0.21%	0.19%	107%
4 to 6	88,058	2,088	311	376	0.35%	0.43%	83%
7 to 9	41,048	864	267	312	0.65%	0.76%	86%
10 to 12	12,326	354	94	152	0.76%	1.23%	62%
13+	6,540	268	122	140	1.87%	2.14%	87%
Total	260,978	8,477	1,026	1,197	0.39%	0.46%	86%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Deaths based on either match to Death Master File or termination reason coded as "death"
- 3) Expected mortality based on Annuity 2000 table projected to 2007 along with selection factors

**Exhibit 2B - Mortality Study**  
**CMFG Life Insurance Company**  
**Experience by Attained Age**

Attained Age	Total Lives	Total Terminations	Actual Deaths	Expected Deaths	Actual Mortality Rate	Expected Mortality Rate	A:E
<=49	16,169	702	7	9	0.04%	0.06%	77%
50-54	28,847	1,138	34	30	0.12%	0.10%	115%
55-59	53,509	1,620	82	90	0.15%	0.17%	91%
60-64	65,906	1,798	126	178	0.19%	0.27%	71%
65-69	51,408	1,477	234	243	0.46%	0.47%	96%
70-74	27,954	916	191	243	0.68%	0.87%	79%
75-79	12,424	495	175	209	1.41%	1.68%	84%
80-84	3,808	224	118	128	3.10%	3.37%	92%
85-89	846	90	50	53	5.91%	6.30%	94%
90+	107	17	9	13	8.41%	12.09%	70%
Total	260,978	8,477	1,026	1,197	0.39%	0.46%	86%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Deaths based on either match to Death Master File or termination reason coded as "death"
- 3) Expected mortality based on Annuity 2000 table projected to 2007 along with selection factors

**Exhibit 2C - Mortality Study  
CMFG Life Insurance Company  
Experience by Gender**

Gender	Total Lives	Total Terminations	Actual Deaths	Expected Deaths	Mortality Rate		A:E
					Actual	Expected	
Female	154,226	5,048	466	581	0.30%	0.38%	80%
Male	106,752	3,429	560	616	0.52%	0.58%	91%
Total	260,978	8,477	1,026	1,197	0.39%	0.46%	86%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Deaths based on either match to Death Master File or termination reason coded as "death"
- 3) Expected mortality based on Annuity 2000 table projected to 2007 along with selection factors

**Exhibit 2D - Mortality Study  
CMFG Life Insurance Company  
Experience by Product**

Product	Total Lives	Total Terminations	Actual Deaths	Expected Deaths	Mortality Rate		A:E
					Actual	Expected	
1993	8,098	251	146	150	1.80%	1.85%	97%
1997	38,273	1,070	212	246	0.55%	0.64%	86%
2002	134,460	4,223	486	571	0.36%	0.42%	85%
2006	80,147	2,933	182	230	0.23%	0.29%	79%
Total	260,978	8,477	1,026	1,197	0.39%	0.46%	86%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Deaths based on either match to Death Master File or termination reason coded as "death"
- 3) Expected mortality based on Annuity 2000 table projected to 2007 along with selection factors



**Exhibit 2E - Mortality Study  
CMFG Life Insurance Company  
Experience by Marital Status**

Marital Status	Total Lives	Total Terminations	Actual Deaths	Expected Deaths	Mortality Rate		A:E
					Actual	Expected	
Single	63,082	2,718	377	416	0.33%	0.42%	78%
Married - 1 Insured	39,367	1,908	128	164	0.33%	0.39%	85%
Married - 2 Insured	158,529	3,851	521	616	0.60%	0.66%	91%
Total	260,978	8,477	1,026	1,197	0.39%	0.46%	86%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Deaths based on either match to Death Master File or termination reason coded as "death"
- 3) Expected mortality based on Annuity 2000 table projected to 2007 along with selection factors

**Exhibit 2F - Mortality Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**

Policy Duration	Mortality Rate - Actual to Expected				Total
	1993	1997	2002	2006	
1 to 3	210%	175%	105%	93%	107%
4 to 6	137%	120%	81%	70%	83%
7 to 9	104%	97%	82%	55%	86%
10 to 12	73%	54%	69%		62%
13+	92%	80%			87%
Total	97%	86%	85%	79%	86%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Deaths based on either match to Death Master File or termination reason coded as "death"
- 3) Expected mortality based on Annuity 2000 table projected to 2007 along with selection factors

**Appendix D**  
**CMFG Life Insurance Company**  
**Policy Persistency Comparison**  
**Nationwide Experience**  
**All Products**

Policy Duration	Total Lives	Actual Results		Original Pricing Assumptions						Current Assumptions		
		Total Terminations		Lapse	Number of Expected Lapses	Mortality	Number of Expected Deaths	Total Terminations		Lapse	Mortality	Total Terminations
1	39,359	5.9%		8.6%	3,404	0.5%	185	9.1%		6.0%	0.1%	6.1%
2	37,022	3.9%		7.1%	2,612	0.6%	206	7.6%		4.0%	0.2%	4.2%
3	35,579	2.8%		5.6%	1,986	0.7%	232	6.2%		3.0%	0.3%	3.3%
4	34,568	2.5%		4.5%	1,572	0.8%	265	5.3%		2.0%	0.4%	2.4%
5	28,941	2.3%		4.2%	1,230	0.9%	270	5.2%		2.0%	0.4%	2.4%
6	23,989	2.1%		4.0%	968	1.1%	268	5.2%		1.5%	0.5%	2.0%
7	18,813	2.2%		3.5%	655	1.3%	242	4.8%		1.5%	0.6%	2.1%
8	13,232	1.8%		3.5%	467	1.4%	185	4.9%		1.5%	0.8%	2.3%
9	8,862	1.9%		3.6%	323	1.4%	126	5.1%		1.0%	1.0%	2.0%
10	5,909	2.7%		4.1%	245	1.5%	91	5.7%		1.0%	1.1%	2.1%
11	3,716	2.7%		5.3%	197	1.7%	64	7.0%		1.0%	1.3%	2.3%
12	2,683	3.1%		6.2%	165	1.9%	52	8.1%		1.0%	1.4%	2.4%
13	2,207	4.0%		6.2%	136	2.1%	47	8.3%		1.0%	1.6%	2.6%
14	1,697	3.7%		6.2%	106	2.4%	40	8.6%		1.0%	1.7%	2.7%
15	1,215	3.4%		6.3%	77	2.6%	32	8.9%		1.0%	2.0%	3.0%
16	593	4.0%		6.6%	39	3.9%	23	10.4%		1.0%	2.9%	3.9%
17	329	4.0%		7.0%	23	5.0%	16	11.9%		1.0%	3.8%	4.8%
18	257	10.9%		7.0%	18	5.3%	14	12.3%		1.0%	4.1%	5.1%
19	156	3.8%		7.0%	11	5.7%	9	12.7%		1.0%	4.5%	5.5%
20	62	6.5%		7.0%	4	6.0%	4	12.9%		1.0%	4.7%	5.7%
21	20	5.0%		7.0%	1	7.5%	1	14.4%		1.0%	6.0%	7.0%

**Notes:**

- 1) The results shown above include only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)
- 2) The "Actual Results" are the historical total policy termination rates observed by the Company.
- 3) The "Original Pricing Assumptions" are those assumptions originally used to price each product.
- 4) The "Current Assumptions" are those used in the projection for the current rate filing. The mortality assumptions are based on the Annuity 2000 table projected to 2009 (Scale G 100% Male, 50% Female, no smoothing), with selection factors.
- 5) Experience is through December 31, 2014

**Appendix D**  
**CMFG Life Insurance Company**  
**Policy Persistency Comparison**  
**Nationwide Experience**  
**1993 Product**

Policy Duration	Total Lives	Actual Results		Original Pricing Assumptions					Current Assumptions		
		Total Terminations		Lapse	Number of Expected Lapses	Mortality	Number of Expected Deaths	Total Terminations	Lapse	Mortality	Total Terminations
1	547	4.0%		22.4%	123	1.2%	7	23.6%	6.0%	0.2%	6.2%
2	525	2.9%		17.4%	91	1.3%	7	18.7%	4.0%	0.3%	4.3%
3	510	2.2%		13.5%	69	1.5%	7	14.9%	3.0%	0.4%	3.4%
4	499	2.8%		11.9%	60	1.6%	8	13.5%	2.0%	0.6%	2.6%
5	485	1.0%		10.4%	51	1.7%	8	12.2%	2.0%	0.8%	2.8%
6	480	0.8%		8.9%	43	1.9%	9	10.8%	1.5%	1.0%	2.5%
7	476	2.3%		8.4%	40	2.1%	10	10.5%	1.5%	1.3%	2.8%
8	465	0.9%		7.9%	37	2.3%	11	10.2%	1.5%	1.6%	3.1%
9	461	3.5%		7.5%	34	2.5%	12	10.0%	1.0%	1.9%	2.9%
10	445	2.0%		7.0%	31	2.7%	12	9.7%	1.0%	2.1%	3.1%
11	436	3.7%		7.0%	30	3.0%	13	10.0%	1.0%	2.3%	3.3%
12	420	3.1%		7.0%	29	3.3%	14	10.2%	1.0%	2.5%	3.5%
13	407	4.2%		7.0%	28	3.6%	14	10.5%	1.0%	2.7%	3.7%
14	390	3.3%		7.0%	27	3.8%	15	10.8%	1.0%	3.0%	4.0%
15	377	4.8%		7.0%	26	4.1%	16	11.1%	1.0%	3.2%	4.2%
16	357	3.1%		7.0%	25	4.5%	16	11.5%	1.0%	3.5%	4.5%
17	323	4.0%		7.0%	23	5.0%	16	11.9%	1.0%	3.9%	4.9%
18	257	10.9%		7.0%	18	5.3%	14	12.3%	1.0%	4.1%	5.1%
19	156	3.8%		7.0%	11	5.7%	9	12.7%	1.0%	4.5%	5.5%
20	62	6.5%		7.0%	4	6.0%	4	12.9%	1.0%	4.7%	5.7%
21	20	5.0%		7.0%	1	7.5%	1	14.4%	1.0%	6.0%	7.0%

**Notes:**

- 1) The results shown above include only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)
- 2) The "Actual Results" are the historical total policy termination rates observed by the Company.
- 3) The "Original Pricing Assumptions" are those assumptions originally used to price the product. The mortality assumptions are based on the 1983 IAM table.  
The original ultimate lapse assumption was 6.0% for issue ages 59 and younger and 8.0% for issue ages 60 and older.
- 4) The "Current Assumptions" are those used in the projection for the current rate filing. The mortality assumptions are based on the Annuity 2000 table projected to 2009 (Scale G 100% Male, 50% Female, no smoothing), with selection factors.
- 5) Experience is through December 31, 2014

**Appendix D**  
**CMFG Life Insurance Company**  
**Policy Persistency Comparison**  
**Nationwide Experience**  
**1997 Product**

Policy Duration	Total Lives	Actual Results		Original Pricing Assumptions						Current Assumptions		
		Total Terminations		Lapse	Number of Expected Lapses	Mortality	Number of Expected Deaths	Total Terminations		Lapse	Mortality	Total Terminations
1	3,331	4.1%		10.8%	359	0.5%	18	11.3%		6.0%	0.1%	6.1%
2	3,196	3.1%		8.8%	280	0.6%	19	9.4%		4.0%	0.1%	4.1%
3	3,097	2.7%		6.8%	210	0.7%	21	7.4%		3.0%	0.2%	3.2%
4	3,012	2.4%		6.6%	198	0.7%	22	7.3%		2.0%	0.3%	2.3%
5	2,939	2.4%		6.4%	188	0.8%	24	7.2%		2.0%	0.4%	2.4%
6	2,869	2.1%		6.2%	178	0.9%	26	7.1%		1.5%	0.5%	2.0%
7	2,808	2.5%		6.0%	168	1.0%	28	7.0%		1.5%	0.6%	2.1%
8	2,737	2.4%		6.0%	164	1.1%	30	7.1%		1.5%	0.7%	2.2%
9	2,671	2.4%		6.0%	160	1.2%	33	7.2%		1.0%	0.9%	1.9%
10	2,608	2.5%		6.0%	156	1.4%	35	7.4%		1.0%	1.0%	2.0%
11	2,527	2.3%		6.0%	152	1.5%	38	7.5%		1.0%	1.1%	2.1%
12	2,263	3.0%		6.0%	136	1.7%	38	7.7%		1.0%	1.2%	2.2%
13	1,800	3.9%		6.0%	108	1.8%	33	7.8%		1.0%	1.3%	2.3%
14	1,307	3.8%		6.0%	78	1.9%	25	7.9%		1.0%	1.4%	2.4%
15	838	2.7%		6.0%	50	2.0%	16	8.0%		1.0%	1.4%	2.4%
16	236	5.5%		6.0%	14	2.9%	7	8.9%		1.0%	2.0%	3.0%
17	6	0.0%		6.0%	0	4.1%	0	10.1%		1.0%	2.9%	3.9%

**Notes:**

- 1) The results shown above include only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)
- 2) The "Actual Results" are the historical total policy termination rates observed by the Company.
- 3) The "Original Pricing Assumptions" are those assumptions originally used to price the product. The mortality assumptions are based on the 1983 GAM table.  
The original ultimate lapse assumption was 6.0%.
- 4) The "Current Assumptions" are those used in the projection for the current rate filing. The mortality assumptions are based on the Annuity 2000 table projected to 2009 (Scale G 100% Male, 50% Female, no smoothing), with selection factors.
- 5) Experience is through December 31, 2014

**Appendix D**  
**CMFG Life Insurance Company**  
**Policy Persistency Comparison**  
**Nationwide Experience**  
**2002 Product**

Policy Duration	Total Lives	Actual Results		Original Pricing Assumptions					Current Assumptions		
		Total Terminations		Lapse	Number of Expected Lapses	Mortality	Number of Expected Deaths	Total Terminations	Lapse	Mortality	Total Terminations
1	18,559	6.1%		10.3%	1,916	0.7%	137	11.1%	6.0%	0.1%	6.1%
2	17,423	3.9%		8.3%	1,453	0.8%	142	9.2%	4.0%	0.2%	4.2%
3	16,741	2.9%		6.6%	1,104	0.9%	151	7.5%	3.0%	0.3%	3.3%
4	16,261	2.5%		5.4%	874	1.0%	162	6.4%	2.0%	0.4%	2.4%
5	15,859	2.1%		4.7%	752	1.1%	174	5.8%	2.0%	0.4%	2.4%
6	15,315	1.9%		4.4%	668	1.2%	187	5.6%	1.5%	0.5%	2.0%
7	13,847	2.0%		3.2%	446	1.3%	185	4.6%	1.5%	0.6%	2.1%
8	10,030	1.7%		2.7%	266	1.4%	144	4.1%	1.5%	0.8%	2.3%
9	5,730	1.5%		2.2%	128	1.4%	82	3.7%	1.0%	0.9%	1.9%
10	2,856	3.1%		2.0%	57	1.5%	44	3.5%	1.0%	1.1%	2.1%
11	753	3.7%		2.0%	15	1.6%	12	3.6%	1.0%	1.2%	2.2%

**Notes:**

- 1) The results shown above include only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)
- 2) The "Actual Results" are the historical total policy termination rates observed by the Company.
- 3) The "Original Pricing Assumptions" are those assumptions originally used to price the product. The mortality assumptions are based on the 1983 GAM table.  
The original ultimate lapse assumption reached 2.0% by duration 10.
- 4) The "Current Assumptions" are those used in the projection for the current rate filing. The mortality assumptions are based on the Annuity 2000 table projected to 2009 (Scale G 100% Male, 50% Female, no smoothing), with selection factors. The current assumed ultimate lapse rate is 1.0% starting in duration 9.
- 5) Experience is through December 31, 2014

**Appendix D**  
**CMFG Life Insurance Company**  
**Policy Persistency Comparison**  
**Nationwide Experience**  
**2006 Product**

Policy Duration	Total Lives	Actual Results		Original Pricing Assumptions						Current Assumptions		
		Total Terminations		Lapse	Number of Expected Lapses	Mortality	Number of Expected Deaths	Total Terminations		Lapse	Mortality	Total Terminations
1	16,922	6.2%		5.9%	1,007	0.1%	24	6.1%		6.0%	0.1%	6.1%
2	15,878	4.1%		5.0%	787	0.2%	38	5.2%		4.0%	0.2%	4.2%
3	15,231	2.7%		4.0%	604	0.4%	54	4.3%		3.0%	0.3%	3.3%
4	14,796	2.4%		3.0%	440	0.5%	73	3.5%		2.0%	0.4%	2.4%
5	9,658	2.7%		2.5%	239	0.6%	63	3.1%		2.0%	0.4%	2.4%
6	5,325	2.6%		1.5%	79	0.9%	46	2.3%		1.5%	0.5%	2.0%
7	1,682	3.0%		0.0%	0	1.1%	18	1.1%		1.5%	0.7%	2.2%

**Notes:**

- 1) The results shown above include only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)
- 2) The "Actual Results" are the historical total policy termination rates observed by the Company.
- 3) The "Original Pricing Assumptions" are those assumptions originally used to price the product. The mortality assumptions are based on the 1994 GAM table, projected to 2006.  
The original ultimate lapse assumption reached 1.0% by duration 7.
- 4) The "Current Assumptions" are those used in the projection for the current rate filing. The mortality assumptions are based on the Annuity 2000 table projected to 2009 (Scale G 100% Male, 50% Female, no smoothing), with selection factors. The current assumed ultimate lapse rate is 1.0% starting in duration 9.
- 5) Experience is through December 31, 2014

**Exhibit 3A - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**All Business**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	39,359	2,337	5.9%	0.1%	0.1%	5.8%	5.8%	6.0%
2	37,022	1,441	3.9%	0.2%	0.2%	3.7%	3.7%	4.0%
3	35,579	991	2.8%	0.3%	0.3%	2.5%	2.5%	3.0%
4	34,568	847	2.5%	0.3%	0.4%	2.2%	2.1%	2.0%
5	28,941	667	2.3%	0.3%	0.4%	2.0%	1.9%	2.0%
6	23,989	493	2.1%	0.5%	0.5%	1.6%	1.5%	1.5%
7	18,813	406	2.2%	0.6%	0.6%	1.5%	1.5%	1.5%
8	13,232	241	1.8%	0.5%	0.8%	1.3%	1.0%	1.5%
9	8,862	167	1.9%	0.6%	1.0%	1.3%	0.9%	1.0%
10	5,909	161	2.7%	0.6%	1.1%	2.1%	1.6%	1.0%
11	3,716	102	2.7%	0.8%	1.3%	1.9%	1.5%	1.0%
12	2,683	82	3.1%	0.8%	1.4%	2.3%	1.6%	1.0%
13	2,207	88	4.0%	1.4%	1.6%	2.6%	2.4%	1.0%
14	1,697	63	3.7%	1.5%	1.7%	2.2%	2.0%	1.0%
15	1,215	41	3.4%	1.6%	2.0%	1.7%	1.4%	1.0%
16	593	24	4.0%	1.7%	2.9%	2.4%	1.1%	1.0%
17	329	13	4.0%	3.0%	3.8%	0.9%	0.1%	1.0%
18	257	28	10.9%	7.0%	4.1%	3.9%	6.8%	1.0%
19	156	6	3.8%	1.9%	4.5%	1.9%	-0.6%	1.0%
20	62	4	6.5%	6.5%	4.7%	0.0%	1.7%	1.0%
21	20	1	5.0%	5.0%	6.0%	0.0%	-1.0%	1.0%
Total	259,209	8,203	3.2%	0.4%	0.5%	2.8%	2.7%	

Weighted Average Lapse Rate Durations 6+ =>	1.6%	1.4%
Weighted Average Lapse Rate Durations 8+ =>	1.7%	1.3%
Weighted Average Lapse Rate Durations 10+ =>	2.1%	1.7%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)



**Exhibit 3B - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**Female**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	23,213	1,460	6.3%	0.1%	0.1%	6.2%	6.2%	6.0%
2	21,753	864	4.0%	0.2%	0.1%	3.8%	3.8%	4.0%
3	20,887	610	2.9%	0.2%	0.2%	2.7%	2.7%	3.0%
4	20,263	478	2.4%	0.2%	0.3%	2.2%	2.1%	2.0%
5	17,025	377	2.2%	0.2%	0.3%	2.0%	1.9%	2.0%
6	14,136	266	1.9%	0.3%	0.4%	1.5%	1.5%	1.5%
7	11,172	236	2.1%	0.6%	0.5%	1.5%	1.6%	1.5%
8	7,902	130	1.6%	0.3%	0.6%	1.3%	1.0%	1.5%
9	5,351	95	1.8%	0.5%	0.8%	1.2%	1.0%	1.0%
10	3,607	102	2.8%	0.6%	1.0%	2.2%	1.9%	1.0%
11	2,279	59	2.6%	0.8%	1.1%	1.8%	1.5%	1.0%
12	1,648	51	3.1%	0.4%	1.2%	2.7%	1.9%	1.0%
13	1,352	53	3.9%	1.2%	1.4%	2.7%	2.5%	1.0%
14	1,033	39	3.8%	1.4%	1.5%	2.4%	2.3%	1.0%
15	739	25	3.4%	1.6%	1.7%	1.8%	1.7%	1.0%
16	364	12	3.3%	1.4%	2.4%	1.9%	0.9%	1.0%
17	209	5	2.4%	1.9%	3.3%	0.5%	-0.9%	1.0%
18	162	18	11.1%	7.4%	3.7%	3.7%	7.4%	1.0%
19	103	3	2.9%	1.9%	4.3%	1.0%	-1.4%	1.0%
20	43	3	7.0%	7.0%	4.7%	0.0%	2.3%	1.0%
21	13	1	7.7%	7.7%	6.6%	0.0%	1.0%	1.0%
Total	153,254	4,887	3.2%	0.3%	0.4%	2.9%	2.8%	

Weighted Average Lapse Rate Durations 6+ =>	1.6%	1.5%
Weighted Average Lapse Rate Durations 8+ =>	1.7%	1.4%
Weighted Average Lapse Rate Durations 10+ =>	2.2%	1.9%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Exhibit 3C - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**Male**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	16,146	877	5.4%	0.2%	0.2%	5.3%	5.3%	6.0%
2	15,269	577	3.8%	0.3%	0.3%	3.4%	3.5%	4.0%
3	14,692	381	2.6%	0.3%	0.4%	2.3%	2.2%	3.0%
4	14,305	369	2.6%	0.4%	0.5%	2.2%	2.1%	2.0%
5	11,916	290	2.4%	0.5%	0.6%	2.0%	1.9%	2.0%
6	9,853	227	2.3%	0.7%	0.7%	1.6%	1.6%	1.5%
7	7,641	170	2.2%	0.7%	0.8%	1.5%	1.4%	1.5%
8	5,330	111	2.1%	0.8%	1.0%	1.3%	1.1%	1.5%
9	3,511	72	2.1%	0.7%	1.2%	1.3%	0.8%	1.0%
10	2,302	59	2.6%	0.6%	1.4%	2.0%	1.2%	1.0%
11	1,437	43	3.0%	0.9%	1.5%	2.1%	1.5%	1.0%
12	1,035	31	3.0%	1.4%	1.7%	1.6%	1.3%	1.0%
13	855	35	4.1%	1.8%	1.9%	2.3%	2.2%	1.0%
14	664	24	3.6%	1.7%	2.1%	2.0%	1.5%	1.0%
15	476	16	3.4%	1.7%	2.4%	1.7%	1.0%	1.0%
16	229	12	5.2%	2.2%	3.6%	3.1%	1.6%	1.0%
17	120	8	6.7%	5.0%	4.7%	1.7%	1.9%	1.0%
18	95	10	10.5%	6.3%	4.8%	4.2%	5.7%	1.0%
19	53	3	5.7%	1.9%	4.9%	3.8%	0.7%	1.0%
20	19	1	5.3%	5.3%	4.9%	0.0%	0.4%	1.0%
21	7	0	0.0%	0.0%	4.7%	0.0%	-4.7%	1.0%
Total	105,955	3,316	3.1%	0.5%	0.6%	2.6%	2.6%	

Weighted Average Lapse Rate Durations 6+ =>	1.6%	1.4%
Weighted Average Lapse Rate Durations 8+ =>	1.6%	1.2%
Weighted Average Lapse Rate Durations 10+ =>	2.0%	1.5%

**Notes:**

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Exhibit 3D - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**1993 Product**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	547	22	4.0%	0.5%	0.2%	3.5%	3.8%	6.0%
2	525	15	2.9%	0.4%	0.3%	2.5%	2.6%	4.0%
3	510	11	2.2%	1.0%	0.4%	1.2%	1.7%	3.0%
4	499	14	2.8%	2.0%	0.6%	0.8%	2.2%	2.0%
5	485	5	1.0%	0.4%	0.8%	0.6%	0.2%	2.0%
6	480	4	0.8%	0.8%	1.0%	0.0%	-0.2%	1.5%
7	476	11	2.3%	1.5%	1.3%	0.8%	1.0%	1.5%
8	465	4	0.9%	0.9%	1.6%	0.0%	-0.7%	1.5%
9	461	16	3.5%	2.6%	1.9%	0.9%	1.6%	1.0%
10	445	9	2.0%	1.3%	2.1%	0.7%	-0.1%	1.0%
11	436	16	3.7%	2.5%	2.3%	1.1%	1.4%	1.0%
12	420	13	3.1%	1.2%	2.5%	1.9%	0.6%	1.0%
13	407	17	4.2%	2.5%	2.7%	1.7%	1.4%	1.0%
14	390	13	3.3%	2.8%	3.0%	0.5%	0.4%	1.0%
15	377	18	4.8%	2.9%	3.2%	1.9%	1.6%	1.0%
16	357	11	3.1%	2.0%	3.5%	1.1%	-0.4%	1.0%
17	323	13	4.0%	3.1%	3.9%	0.9%	0.2%	1.0%
18	257	28	10.9%	7.0%	4.1%	3.9%	6.8%	1.0%
19	156	6	3.8%	1.9%	4.5%	1.9%	-0.6%	1.0%
20	62	4	6.5%	6.5%	4.7%	0.0%	1.7%	1.0%
21	20	1	5.0%	5.0%	6.0%	0.0%	-1.0%	1.0%
Total	8,098	251	3.1%	1.8%	1.9%	1.3%	1.2%	

Weighted Average Lapse Rate Durations 6+ =>	1.1%	0.8%
Weighted Average Lapse Rate Durations 8+ =>	1.2%	0.9%
Weighted Average Lapse Rate Durations 10+ =>	1.4%	1.0%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Exhibit 3E - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**1997 Product**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	3,331	135	4.1%	0.2%	0.1%	3.9%	4.0%	6.0%
2	3,196	98	3.1%	0.3%	0.1%	2.7%	2.9%	4.0%
3	3,097	85	2.7%	0.2%	0.2%	2.5%	2.5%	3.0%
4	3,012	73	2.4%	0.3%	0.3%	2.1%	2.1%	2.0%
5	2,939	70	2.4%	0.4%	0.4%	1.9%	2.0%	2.0%
6	2,869	61	2.1%	0.6%	0.5%	1.5%	1.7%	1.5%
7	2,808	71	2.5%	0.7%	0.6%	1.8%	1.9%	1.5%
8	2,737	66	2.4%	0.7%	0.7%	1.7%	1.7%	1.5%
9	2,671	63	2.4%	0.7%	0.9%	1.6%	1.5%	1.0%
10	2,608	64	2.5%	0.5%	1.0%	2.0%	1.5%	1.0%
11	2,527	58	2.3%	0.6%	1.1%	1.7%	1.2%	1.0%
12	2,263	69	3.0%	0.7%	1.2%	2.3%	1.8%	1.0%
13	1,800	71	3.9%	1.2%	1.3%	2.8%	2.6%	1.0%
14	1,307	50	3.8%	1.1%	1.4%	2.8%	2.4%	1.0%
15	838	23	2.7%	1.1%	1.4%	1.7%	1.3%	1.0%
16	236	13	5.5%	1.3%	2.0%	4.2%	3.5%	1.0%
17	6	0	0.0%	0.0%	2.9%	0.0%	-2.9%	1.0%
Total	38,245	1,070	2.8%	0.6%	0.6%	2.2%	2.2%	

Weighted Average Lapse Rate Durations 6+ =>	1.9%	1.7%
Weighted Average Lapse Rate Durations 8+ =>	2.0%	1.7%
Weighted Average Lapse Rate Durations 10+ =>	2.2%	1.8%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Exhibit 3F - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**2002 Product**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	18,559	1,136	6.1%	0.1%	0.1%	6.0%	6.0%	6.0%
2	17,423	682	3.9%	0.2%	0.2%	3.7%	3.7%	4.0%
3	16,741	480	2.9%	0.3%	0.3%	2.6%	2.6%	3.0%
4	16,261	402	2.5%	0.2%	0.4%	2.2%	2.1%	2.0%
5	15,859	328	2.1%	0.3%	0.4%	1.8%	1.6%	2.0%
6	15,315	289	1.9%	0.5%	0.5%	1.4%	1.4%	1.5%
7	13,847	273	2.0%	0.6%	0.6%	1.3%	1.3%	1.5%
8	10,030	171	1.7%	0.5%	0.8%	1.2%	0.9%	1.5%
9	5,730	88	1.5%	0.4%	0.9%	1.1%	0.6%	1.0%
10	2,856	88	3.1%	0.6%	1.1%	2.5%	2.0%	1.0%
11	753	28	3.7%	0.7%	1.2%	3.1%	2.5%	1.0%
Total	133,374	3,965	3.0%	0.3%	0.4%	2.6%	2.5%	

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Exhibit 3G - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**2006 Product**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	16,922	1,044	6.2%	0.1%	0.1%	6.1%	6.1%	6.0%
2	15,878	646	4.1%	0.2%	0.2%	3.8%	3.9%	4.0%
3	15,231	415	2.7%	0.2%	0.3%	2.5%	2.4%	3.0%
4	14,796	358	2.4%	0.2%	0.4%	2.2%	2.1%	2.0%
5	9,658	264	2.7%	0.4%	0.4%	2.4%	2.3%	2.0%
6	5,325	139	2.6%	0.5%	0.5%	2.2%	2.1%	1.5%
7	1,682	51	3.0%	0.4%	0.7%	2.7%	2.4%	1.5%
Total	79,492	2,917	3.7%	0.2%	0.3%	3.4%	3.4%	

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Exhibit 3H - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**Single**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	8,665	694	8.0%	0.2%	0.1%	7.8%	7.9%	6.0%
2	7,971	443	5.6%	0.2%	0.2%	5.4%	5.4%	4.0%
3	7,527	287	3.8%	0.3%	0.3%	3.5%	3.5%	3.0%
4	7,236	235	3.2%	0.3%	0.4%	2.9%	2.9%	2.0%
5	6,213	195	3.1%	0.4%	0.5%	2.7%	2.7%	2.0%
6	5,369	133	2.5%	0.5%	0.6%	1.9%	1.9%	1.5%
7	4,501	140	3.1%	1.0%	0.7%	2.1%	2.4%	1.5%
8	3,534	90	2.5%	0.6%	0.9%	2.0%	1.6%	1.5%
9	2,700	80	3.0%	1.1%	1.2%	1.9%	1.8%	1.0%
10	2,108	78	3.7%	1.0%	1.4%	2.7%	2.3%	1.0%
11	1,621	47	2.9%	1.3%	1.6%	1.6%	1.3%	1.0%
12	1,308	47	3.6%	0.8%	1.8%	2.8%	1.8%	1.0%
13	1,092	42	3.8%	2.0%	2.0%	1.8%	1.9%	1.0%
14	873	31	3.6%	1.7%	2.2%	1.8%	1.3%	1.0%
15	671	27	4.0%	2.4%	2.6%	1.6%	1.4%	1.0%
16	440	14	3.2%	1.6%	3.3%	1.6%	-0.1%	1.0%
17	324	13	4.0%	3.1%	3.9%	0.9%	0.2%	1.0%
18	257	28	10.9%	7.0%	4.1%	3.9%	6.8%	1.0%
19	156	6	3.8%	1.9%	4.5%	1.9%	-0.6%	1.0%
20	62	4	6.5%	6.5%	4.7%	0.0%	1.7%	1.0%
21	20	1	5.0%	5.0%	6.0%	0.0%	-1.0%	1.0%
Total	62,648	2,635	4.2%	0.6%	0.7%	3.6%	3.5%	

Weighted Average Lapse Rate Durations 6+ =>	2.0%	1.9%
Weighted Average Lapse Rate Durations 8+ =>	2.0%	1.7%
Weighted Average Lapse Rate Durations 10+ =>	2.1%	1.7%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Exhibit 3I - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**Married**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	30,694	1,643	5.4%	0.1%	0.1%	5.2%	5.2%	6.0%
2	29,051	998	3.4%	0.2%	0.2%	3.2%	3.2%	4.0%
3	28,052	704	2.5%	0.2%	0.3%	2.3%	2.2%	3.0%
4	27,332	612	2.2%	0.2%	0.3%	2.0%	1.9%	2.0%
5	22,728	472	2.1%	0.3%	0.4%	1.8%	1.7%	2.0%
6	18,620	360	1.9%	0.5%	0.5%	1.5%	1.4%	1.5%
7	14,312	266	1.9%	0.5%	0.6%	1.3%	1.2%	1.5%
8	9,698	151	1.6%	0.5%	0.7%	1.1%	0.8%	1.5%
9	6,162	87	1.4%	0.4%	0.9%	1.0%	0.5%	1.0%
10	3,801	83	2.2%	0.4%	1.0%	1.8%	1.2%	1.0%
11	2,095	55	2.6%	0.5%	1.0%	2.1%	1.6%	1.0%
12	1,375	35	2.5%	0.8%	1.1%	1.7%	1.5%	1.0%
13	1,115	46	4.1%	0.8%	1.2%	3.3%	3.0%	1.0%
14	824	32	3.9%	1.2%	1.2%	2.7%	2.7%	1.0%
15	544	14	2.6%	0.7%	1.2%	1.8%	1.4%	1.0%
16	153	10	6.5%	2.0%	1.7%	4.6%	4.8%	1.0%
17	5	0	0.0%	0.0%	2.6%	0.0%	-2.6%	1.0%
Total	196,561	5,568	2.8%	0.3%	0.4%	2.5%	2.4%	

Weighted Average Lapse Rate Durations 6+ =>	1.4%	1.2%
Weighted Average Lapse Rate Durations 8+ =>	1.5%	1.1%
Weighted Average Lapse Rate Durations 10+ =>	2.1%	1.7%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)



**Exhibit 3J - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**Policies with Inflation Protection**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	32,881	1,866	5.7%	0.1%	0.1%	5.6%	5.6%	6.0%
2	31,015	1,161	3.7%	0.2%	0.2%	3.6%	3.6%	4.0%
3	29,853	808	2.7%	0.2%	0.2%	2.5%	2.5%	3.0%
4	29,025	689	2.4%	0.2%	0.3%	2.2%	2.1%	2.0%
5	24,181	514	2.1%	0.3%	0.4%	1.8%	1.8%	2.0%
6	19,868	387	1.9%	0.4%	0.5%	1.6%	1.5%	1.5%
7	15,362	285	1.9%	0.5%	0.5%	1.3%	1.3%	1.5%
8	10,476	172	1.6%	0.3%	0.6%	1.3%	1.0%	1.5%
9	6,670	112	1.7%	0.4%	0.8%	1.2%	0.9%	1.0%
10	4,188	97	2.3%	0.4%	0.9%	1.9%	1.4%	1.0%
11	2,423	63	2.6%	0.5%	1.0%	2.1%	1.6%	1.0%
12	1,626	38	2.3%	0.4%	1.1%	1.9%	1.3%	1.0%
13	1,292	44	3.4%	0.8%	1.2%	2.6%	2.2%	1.0%
14	981	21	2.1%	0.6%	1.3%	1.5%	0.8%	1.0%
15	724	17	2.3%	1.1%	1.5%	1.2%	0.9%	1.0%
16	322	7	2.2%	0.9%	2.4%	1.2%	-0.2%	1.0%
17	177	5	2.8%	2.8%	3.3%	0.0%	-0.5%	1.0%
18	142	9	6.3%	4.2%	3.5%	2.1%	2.8%	1.0%
19	91	3	3.3%	1.1%	3.9%	2.2%	-0.6%	1.0%
20	33	0	0.0%	0.0%	4.0%	0.0%	-4.0%	1.0%
21	10	0	0.0%	0.0%	5.1%	0.0%	-5.1%	1.0%
Total	211,340	6,298	3.0%	0.3%	0.4%	2.7%	2.6%	

Weighted Average Lapse Rate Durations 6+ =>	1.5%	1.3%
Weighted Average Lapse Rate Durations 8+ =>	1.5%	1.1%
Weighted Average Lapse Rate Durations 10+ =>	1.9%	1.4%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Exhibit 3K - Voluntary Lapse Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**Policies without Inflation Protection**

Policy Duration	Total Lives	Total Terminations		Mortality Rate		Voluntary Lapse Rate		
		Count	Rate	Actual	Expected	Actual	Implied	"Current"
1	6,478	471	7.3%	0.2%	0.2%	7.0%	7.1%	6.0%
2	6,007	280	4.7%	0.4%	0.3%	4.2%	4.4%	4.0%
3	5,726	183	3.2%	0.6%	0.5%	2.6%	2.7%	3.0%
4	5,543	158	2.9%	0.6%	0.6%	2.3%	2.3%	2.0%
5	4,760	153	3.2%	0.6%	0.7%	2.6%	2.5%	2.0%
6	4,121	106	2.6%	0.9%	0.9%	1.7%	1.7%	1.5%
7	3,451	121	3.5%	1.1%	1.1%	2.4%	2.4%	1.5%
8	2,756	69	2.5%	1.2%	1.3%	1.3%	1.2%	1.5%
9	2,192	55	2.5%	1.2%	1.5%	1.3%	1.0%	1.0%
10	1,721	64	3.7%	1.2%	1.7%	2.6%	2.0%	1.0%
11	1,293	39	3.0%	1.4%	1.8%	1.6%	1.2%	1.0%
12	1,057	44	4.2%	1.3%	1.9%	2.8%	2.2%	1.0%
13	915	44	4.8%	2.3%	2.1%	2.5%	2.7%	1.0%
14	716	42	5.9%	2.7%	2.3%	3.2%	3.6%	1.0%
15	491	24	4.9%	2.4%	2.7%	2.4%	2.2%	1.0%
16	271	17	6.3%	2.6%	3.5%	3.7%	2.8%	1.0%
17	152	8	5.3%	3.3%	4.4%	2.0%	0.8%	1.0%
18	115	19	16.5%	10.4%	4.8%	6.1%	11.7%	1.0%
19	65	3	4.6%	3.1%	5.4%	1.5%	-0.8%	1.0%
20	29	4	13.8%	13.8%	5.6%	0.0%	8.2%	1.0%
21	10	1	10.0%	10.0%	6.9%	0.0%	3.1%	1.0%
Total	47,869	1,905	4.0%	0.8%	0.9%	3.1%	3.1%	

Weighted Average Lapse Rate Durations 6+ =>	2.0%	1.9%
Weighted Average Lapse Rate Durations 8+ =>	2.0%	1.8%
Weighted Average Lapse Rate Durations 10+ =>	2.5%	2.3%

Notes:

- 1) Experience from inception through December 31, 2014
- 2) Actual Mortality Rate based on either match to Death Master File or termination reason coded as "death"
- 3) Expected Mortality Rate based on Annuity 2000 table projected to 2007 along with selection factors
- 4) Actual Voluntary Lapse Rate is the Total Termination Rate minus the Actual Mortality Rate
- 5) Implied Voluntary Lapse Rate is the Total Termination Rate minus the Expected Mortality Rate
- 6) Current Voluntary Lapse Rate is the set provided by CMFG Life Insurance Company
- 7) Includes only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)

**Exhibit 1A - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Calendar Year**  
**All Business**

Calendar Year	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
2002	3,141	8	957,535	84,890	130,303	1,042,426	8	63,175	530,414	9%	95%	206%	197%
2003	3,927	16	527,034	-	32,940	527,034	10	65,971	692,288	12%	152%	50%	76%
2004	6,182	2	123,092	-	61,546	123,092	14	68,401	956,723	4%	14%	90%	13%
2005	9,222	15	1,572,050	259,815	122,124	1,831,865	19	70,721	1,312,326	12%	81%	173%	140%
2006	13,551	18	1,356,412	62,244	78,814	1,418,656	24	72,933	1,759,633	13%	75%	108%	81%
2007	19,078	28	1,337,968	192,588	54,663	1,530,557	31	74,606	2,348,475	16%	89%	73%	65%
2008	24,265	34	2,234,160	681,638	85,759	2,915,797	40	76,423	3,069,087	18%	85%	112%	95%
2009	28,628	46	3,170,895	700,742	84,166	3,871,637	50	78,505	3,939,969	21%	92%	107%	98%
2010	32,906	54	2,960,589	756,315	68,832	3,716,904	62	80,950	4,984,770	22%	88%	85%	75%
2011	33,558	82	4,172,385	2,207,792	77,807	6,380,178	73	83,877	6,146,901	28%	112%	93%	104%
2012	32,643	89	3,593,791	3,833,150	83,449	7,426,942	84	87,202	7,335,436	29%	106%	96%	101%
2013	31,948	92	2,159,742	7,195,799	101,691	9,355,541	97	90,997	8,857,909	29%	95%	112%	106%
2014	31,208	176	502,930	16,387,807	95,739	16,890,737	112	94,536	10,590,991	40%	157%	101%	159%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082) ^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1B - Claim Study  
CMFG Life Insurance Company  
Experience by Product Series  
All Business**

Product Series	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
1993	4,943	70	3,510,521	2,265,705	83,011	5,776,226	99	70,786	7,037,561	25%	70%	117%	82%
1997	34,290	143	7,645,281	5,570,241	92,478	13,215,522	142	88,788	12,573,941	36%	101%	104%	105%
2002	142,633	311	10,807,387	16,488,728	87,632	27,296,115	269	89,216	24,017,041	54%	116%	98%	114%
2006	88,390	136	2,705,395	8,038,106	78,735	10,743,501	116	77,023	8,896,378	36%	118%	102%	121%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

Notes:

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082)^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1C - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Calendar Year**  
**Product Series: 1993**

Calendar Year	Total Lives	Actual Claims					Expected Claims			Credibility Measure	Actual to Expected		
		Count	Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
2002	462	6	581,029	-	96,838	581,029	5	57,969	261,918	7%	133%	167%	222%
2003	450	5	112,377	-	22,475	112,377	5	59,448	301,425	7%	99%	38%	37%
2004	443	0	-	-	-	-	6	61,265	358,419	0%	0%	0%	0%
2005	433	4	247,713	-	61,928	247,713	7	62,982	419,364	6%	60%	98%	59%
2006	415	2	137,255	-	68,627	137,255	7	64,731	464,298	4%	28%	106%	30%
2007	398	2	156,622	-	78,311	156,622	8	66,707	513,928	4%	26%	117%	30%
2008	388	2	16,609	-	8,304	16,609	8	67,996	549,736	4%	25%	12%	3%
2009	376	11	954,151	76,496	93,695	1,030,647	9	69,575	595,459	10%	129%	135%	173%
2010	356	2	190,070	108,604	149,337	298,674	9	72,450	638,255	4%	23%	206%	47%
2011	337	8	317,539	93,444	51,373	410,982	9	75,331	680,376	9%	89%	68%	60%
2012	315	11	533,987	569,373	100,305	1,103,360	9	77,166	709,998	10%	120%	130%	155%
2013	292	8	253,076	515,085	96,020	768,162	9	81,378	744,895	9%	87%	118%	103%
2014	278	9	10,092	902,703	106,341	912,795	10	83,221	799,491	9%	89%	128%	114%
Total	4,943	70	3,510,521	2,265,705	83,011	5,776,226	99	70,786	7,037,561	25%	70%	117%	82%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula = (Count of Actual Claims / 1,082) ^ 0.5
- 8) Expected values include product fitting factors

**Exhibit 1D - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Calendar Year**  
**Product Series: 1997**

Calendar Year	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
2002	2,679	2	376,506	84,890	230,698	461,396	4	69,244	268,458	4%	52%	333%	172%
2003	2,996	9	410,840	-	45,649	410,840	5	72,479	371,334	9%	176%	63%	111%
2004	2,979	1	20,568	-	20,568	20,568	6	75,180	479,026	3%	16%	27%	4%
2005	2,898	5	1,032,225	259,815	258,408	1,292,040	8	77,677	585,813	7%	66%	333%	221%
2006	2,801	9	702,673	62,244	84,991	764,917	9	79,909	696,469	9%	103%	106%	110%
2007	2,729	11	497,462	-	45,224	497,462	10	81,435	810,487	10%	111%	56%	61%
2008	2,659	10	924,102	164,575	108,868	1,088,677	11	83,663	930,172	10%	90%	130%	117%
2009	2,599	12	768,948	417,083	98,836	1,186,031	12	86,091	1,059,989	11%	97%	115%	112%
2010	2,547	16	797,171	170,648	60,489	967,819	14	88,972	1,202,373	12%	118%	68%	80%
2011	2,492	13	856,052	348,168	92,632	1,204,221	15	91,874	1,361,324	11%	88%	101%	88%
2012	2,377	12	594,701	645,667	103,364	1,240,367	15	96,045	1,469,450	11%	78%	108%	84%
2013	2,295	16	559,197	1,415,930	123,445	1,975,127	16	99,986	1,605,796	12%	100%	123%	123%
2014	2,239	27	104,837	2,001,220	78,277	2,106,057	17	102,475	1,733,250	16%	159%	76%	122%
Total	34,290	143	7,645,281	5,570,241	92,478	13,215,522	142	88,788	12,573,941	36%	101%	104%	105%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula = (Count of Actual Claims / 1,082) ^ 0.5
- 8) Expected values include product fitting factors

**Exhibit 1E - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Calendar Year**  
**Product Series: 2002**

Calendar Year	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
2002	0	0	-	-	-	-	0	55,453	38	0%	0%	0%	0%
2003	480	2	3,816	-	1,908	3,816	0	65,074	19,529	4%	666%	3%	20%
2004	2,760	1	102,525	-	102,525	102,525	2	67,585	119,278	3%	57%	152%	86%
2005	5,891	6	292,112	-	48,685	292,112	4	70,509	307,148	7%	138%	69%	95%
2006	10,335	7	516,484	-	73,783	516,484	8	72,694	598,845	8%	85%	101%	86%
2007	14,771	15	683,884	192,588	58,432	876,473	13	74,931	991,206	12%	113%	78%	88%
2008	16,283	18	1,120,647	517,062	90,984	1,637,710	18	77,904	1,419,787	13%	99%	117%	115%
2009	16,321	18	1,376,609	92,941	81,642	1,469,549	23	81,064	1,867,971	13%	78%	101%	79%
2010	15,824	26	1,727,222	167,074	72,858	1,894,296	28	84,379	2,351,719	16%	93%	86%	81%
2011	15,440	44	2,181,990	1,054,661	73,560	3,236,651	33	88,118	2,912,048	20%	133%	83%	111%
2012	15,110	38	1,569,523	1,909,686	91,558	3,479,209	39	92,057	3,559,966	19%	98%	99%	98%
2013	14,862	40	915,135	3,498,873	110,350	4,414,008	46	96,133	4,446,167	19%	86%	115%	99%
2014	14,557	96	317,440	9,055,843	97,148	9,373,283	54	100,051	5,423,338	30%	178%	97%	173%
Total	142,633	311	10,807,387	16,488,728	87,632	27,296,115	269	89,216	24,017,041	54%	116%	98%	114%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082) ^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1F - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Calendar Year**  
**Product Series: 2006**

Calendar Year	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
2006	0	0	-	-	-	-	0	55,940	21	0%	0%	0%	0%
2007	1,180	0	-	-	-	-	1	55,362	32,855	0%	0%	0%	0%
2008	4,935	4	172,802	-	43,200	172,802	3	62,020	169,392	6%	146%	70%	102%
2009	9,333	5	71,188	114,222	37,082	185,410	6	66,398	416,551	7%	80%	56%	45%
2010	14,179	10	246,126	309,989	55,611	556,115	11	69,609	792,423	10%	88%	80%	70%
2011	15,289	17	816,804	711,519	89,901	1,528,324	16	72,804	1,193,153	13%	104%	123%	128%
2012	14,840	28	895,580	708,425	57,286	1,604,005	21	76,190	1,596,021	16%	134%	75%	101%
2013	14,499	28	432,334	1,765,910	78,509	2,198,244	26	79,641	2,061,050	16%	108%	99%	107%
2014	14,134	44	70,561	4,428,041	101,201	4,498,602	31	84,169	2,634,912	20%	142%	120%	171%
Total	88,390	136	2,705,395	8,038,106	78,735	10,743,501	116	77,023	8,896,378	36%	118%	102%	121%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082) ^{0.5}$
- 8) Expected values include product fitting factors



**Exhibit 1G - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Attained Age**  
**All Business**

Attained Age	Total Lives	Count	Actual Claims		Severity	Incurred	Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve			Count	Severity	Incurred		Incidence	Severity	Incurred
<60	97,009	48	2,630,264	3,179,695	122,225	5,809,959	35	103,900	3,644,497	21%	136%	118%	159%
60 - 69	124,318	151	5,097,403	9,125,014	94,203	14,222,417	145	98,018	14,187,876	37%	104%	96%	100%
70 - 79	43,864	282	10,513,266	12,360,492	81,191	22,873,758	266	82,374	21,889,487	51%	106%	99%	104%
80 - 89	4,943	171	6,235,577	7,163,198	78,310	13,398,775	165	72,436	11,924,234	40%	104%	108%	112%
90 +	122	9	192,074	534,381	79,958	726,455	16	56,448	878,827	9%	58%	142%	83%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

Notes:

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula = (Count of Actual Claims / 1,082) ^ 0.5
- 8) Expected values include product fitting factors

**Exhibit 1H - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**All Business**

Policy Duration	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
1 - 3	104,547	91	4,580,875	2,083,474	73,234	6,664,349	83	72,953	6,022,338	29%	110%	100%	111%
4 - 6	92,062	185	7,531,854	6,712,688	77,124	14,244,541	167	81,818	13,635,567	41%	111%	94%	104%
7 - 9	49,922	173	5,921,415	11,566,207	100,933	17,487,622	169	89,185	15,110,275	40%	102%	113%	116%
10 - 12	15,890	113	3,214,252	6,274,022	83,764	9,488,273	99	89,393	8,869,079	32%	114%	94%	107%
13 +	7,836	98	3,420,189	5,726,390	93,147	9,146,579	108	82,374	8,887,662	30%	91%	113%	103%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

Notes:

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
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- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082)^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1I - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Policy Duration**  
**Single Insureds**

Policy Duration	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
1 - 3	20,296	29	2,529,829	878,092	117,515	3,407,921	33	69,748	2,282,837	16%	89%	168%	149%
4 - 6	18,379	72	3,737,076	1,566,170	73,664	5,303,246	63	78,366	4,960,069	26%	114%	94%	107%
7 - 9	11,829	65	2,782,034	3,028,561	89,064	5,810,595	73	83,513	6,114,789	25%	89%	107%	95%
10 - 12	5,655	59	1,961,093	2,803,739	80,647	4,764,832	60	83,111	5,011,200	23%	98%	97%	95%
13 +	4,411	78	3,080,923	4,226,073	93,541	7,306,996	91	79,844	7,300,265	27%	85%	117%	100%
Total	60,569	303	14,090,955	12,502,635	87,643	26,593,590	321	79,974	25,669,160	53%	95%	110%	104%

Notes:

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082) ^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1J - Claim Study  
CMFG Life Insurance Company  
Experience by Policy Duration  
Married Insureds**

Policy Duration	Total Lives	Count	Actual Claims		Severity	Incurred	Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve			Count	Severity	Incurred		Incidence	Severity	Incurred
1 - 3	84,251	62	2,051,046	1,205,383	52,523	3,256,428	50	75,058	3,739,501	24%	124%	70%	87%
4 - 6	73,682	113	3,794,777	5,146,518	79,334	8,941,295	103	83,932	8,675,498	32%	109%	95%	103%
7 - 9	38,093	108	3,139,382	8,537,646	108,102	11,677,028	96	93,503	8,995,486	32%	112%	116%	130%
10 - 12	10,236	54	1,253,158	3,470,283	87,163	4,723,441	39	99,128	3,857,878	22%	139%	88%	122%
13 +	3,425	20	339,266	1,500,317	91,617	1,839,583	16	96,421	1,587,398	14%	122%	95%	116%
Total	209,687	357	10,577,629	19,860,146	85,261	30,437,775	305	88,117	26,855,761	57%	117%	97%	113%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082) ^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1K - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Issue Age**  
**All Business**

Issue Age	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
<=49	29,314	20	1,848,301	1,663,692	174,837	3,511,992	12	115,827	1,343,458	14%	173%	151%	261%
50-54	49,675	35	1,090,189	2,506,793	103,263	3,596,982	28	113,232	3,154,203	18%	125%	91%	114%
55-59	70,518	72	1,723,772	5,432,341	99,231	7,156,113	62	105,740	6,582,637	26%	116%	94%	109%
60-64	65,126	119	3,881,765	6,589,564	88,156	10,471,329	112	94,376	10,604,306	33%	106%	93%	99%
65-69	35,796	160	7,006,736	7,042,492	87,774	14,049,228	152	83,109	12,636,686	38%	105%	106%	111%
70-74	15,708	157	5,818,036	6,417,320	77,697	12,235,356	164	71,943	11,800,527	38%	96%	108%	104%
75-79	3,747	77	2,432,354	2,333,688	62,129	4,766,042	76	69,540	5,297,041	27%	101%	89%	90%
80+	373	20	867,432	376,891	61,123	1,244,322	19	56,941	1,106,063	14%	105%	107%	113%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula = (Count of Actual Claims / 1,082) ^ 0.5
- 8) Expected values include product fitting factors

**Exhibit 1L - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Coverage Type**  
**All Business**

Coverage Type	Total Lives	Count	Actual Claims		Severity	Incurred	Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve			Count	Severity	Incurred		Incidence	Severity	Incurred
Home Care Only	5,077	7	222,653	267,141	67,124	489,794	17	64,933	1,073,215	8%	44%	103%	46%
Facility Only	11,243	31	965,497	1,841,060	90,097	2,806,557	37	97,751	3,607,895	17%	84%	92%	78%
Comprehensive	253,936	622	23,480,434	30,254,580	86,394	53,735,014	572	83,598	47,843,811	76%	109%	103%	112%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula = (Count of Actual Claims / 1,082) ^ 0.5
- 8) Expected values include product fitting factors

**Exhibit 1M - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Benefit Period**  
**All Business**

Benefit Period	Total Lives	Count	Actual Claims		Severity	Incurred	Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve			Count	Severity	Incurred		Incidence	Severity	Incurred
Non-Lifetime	233,243	523	17,905,116	23,954,049	80,097	41,859,165	487	74,553	36,323,169	69%	107%	107%	115%
Lifetime	37,013	138	6,763,468	8,408,731	110,087	15,172,200	139	116,954	16,201,752	36%	99%	94%	94%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

Notes:

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082)^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1N - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Elimination Period**  
**All Business**

Elimination Period (days)	Total Lives	Count	Actual Claims		Severity	Incurred	Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve			Count	Severity	Incurred		Incidence	Severity	Incurred
0 and 30	66,221	163	6,760,127	6,902,567	83,662	13,662,694	186	78,770	14,681,312	39%	88%	106%	93%
31 to 90	184,178	432	16,159,575	21,883,875	87,977	38,043,450	389	86,922	33,773,703	63%	111%	101%	113%
91 +	19,857	65	1,748,882	3,576,339	82,316	5,325,221	51	80,105	4,069,906	24%	127%	103%	131%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082)^{0.5}$
- 8) Expected values include product fitting factors



**Exhibit 10 - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Daily Benefit**  
**All Business**

Daily Benefit	Total Lives	Count	Actual Claims		Severity	Incurred	Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve			Count	Severity	Incurred		Incidence	Severity	Incurred
0 to 99	36,278	182	6,603,720	6,142,478	70,129	12,746,198	190	59,234	11,276,627	41%	95%	118%	113%
100 to 149	118,450	300	10,162,305	13,395,458	78,611	23,557,764	286	84,853	24,248,300	53%	105%	93%	97%
150 +	115,528	179	7,902,559	12,824,844	115,798	20,727,403	150	113,635	16,999,995	41%	120%	102%	122%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082)^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1P - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Inflation Protection Option**  
**All Business**

Inflation Type	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
None	47,503	272	10,839,521	9,099,140	73,278	19,938,661	289	66,265	19,126,388	50%	94%	111%	104%
Simple	31,313	64	2,385,165	3,637,683	94,167	6,022,847	55	104,549	5,787,321	24%	116%	90%	104%
Compound	191,298	320	11,157,809	19,363,460	95,269	30,521,269	279	98,137	27,415,157	54%	115%	97%	111%
GPO	142	4	286,090	262,497	137,126	548,587	2	81,739	196,055	6%	167%	168%	280%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082) ^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1Q - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Home Health Percentage**  
**All Business**

Home Health Percentage	Total Lives	Count	Actual Claims		Severity	Incurred	Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve			Count	Severity	Incurred		Incidence	Severity	Incurred
0 pct	11,243	31	965,497	1,841,060	90,097	2,806,557	37	97,751	3,607,895	17%	84%	92%	78%
1 to 99 pct	58,359	216	9,869,084	8,350,462	84,224	18,219,546	231	76,618	17,673,946	45%	94%	110%	103%
100 pct	189,755	357	12,563,508	19,586,133	89,960	32,149,641	327	87,576	28,652,666	57%	109%	103%	112%
101+ pct	10,899	56	1,270,496	2,585,125	69,379	3,855,621	31	83,611	2,590,414	23%	179%	83%	149%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

Notes:

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082)^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1R - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Gender**  
**All Business**

Gender	Total Lives	Count	Actual Claims		Severity	Incurred	Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve			Count	Severity	Incurred		Incidence	Severity	Incurred
Female	159,371	423	15,797,167	20,940,004	86,827	36,737,171	408	87,809	35,816,191	63%	104%	99%	103%
Male	110,885	237	8,871,417	11,422,776	85,515	20,294,194	218	76,696	16,708,731	47%	109%	111%	121%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

Notes:

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred rate
- 4) Severity is defined as incurred claims divided by the count of claims
- 5) Expected Claims are based on the Milliman 2014 Long-Term Care Guidelines
- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082)^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1S - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Risk Class**  
**All Business**

Risk Class	Total Lives	Count	Actual Claims			Severity	Incurred	Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve				Count	Severity	Incurred		Incidence	Severity	Incurred
Preferred	97,197	162	5,714,901	8,690,272		89,051	14,405,173	194	83,546	16,174,024	39%	84%	107%	89%
Standard	163,003	467	18,053,020	21,397,289		84,388	39,450,309	408	84,717	34,569,851	66%	115%	100%	114%
Sub Standard	10,057	31	900,663	2,275,219		101,878	3,175,882	24	73,941	1,781,046	17%	129%	138%	178%
Total	270,256	660	24,668,584	32,362,780		86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

**Notes:**

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
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- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula =  $(\text{Count of Actual Claims} / 1,082)^{0.5}$
- 8) Expected values include product fitting factors

**Exhibit 1T - Claim Study**  
**CMFG Life Insurance Company**  
**Experience by Marital Status**  
**All Business**

Marital Status	Total Lives	Count	Actual Claims				Expected Claims			Credibility Measure	Actual to Expected		
			Paid	Reserve	Severity	Incurred	Count	Severity	Incurred		Incidence	Severity	Incurred
Single	60,569	303	14,090,955	12,502,635	87,643	26,593,590	321	79,974	25,669,160	53%	95%	110%	104%
Married - 1 Insured	41,971	107	2,968,403	5,737,158	81,315	8,705,561	97	81,115	7,882,689	31%	110%	100%	110%
Married - 2 Insureds	167,716	250	7,609,226	14,122,987	86,952	21,732,213	208	91,395	18,973,072	48%	120%	95%	115%
Total	270,256	660	24,668,584	32,362,780	86,356	57,031,365	626	83,940	52,524,921	78%	106%	103%	109%

Notes:

- 1) Experience from January 1, 2002 through December 31, 2014
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
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- 6) Claim dollar amounts are discounted using a 4.00% interest rate (both actual and expected)
- 7) Credibility Measure is based on the following formula = (Count of Actual Claims / 1,082) ^ 0.5
- 8) Expected values include product fitting factors

**Responses to 4/11/16 Objections**

Objection 1

*Question:* Please provide assurances that the assumptions used in the projections are no more conservative (i.e. do not produce a higher loss ratio) than used in the company's prior year's asset adequacy testing.

**Response:** Assumptions used in the projections for the Long Term Care (LTC) rate increase projections are not directly comparable to those used in the Company's prior year's asset adequacy testing (AAT), although both are based upon the Company's best estimate assumptions at that time.

Assumptions used in the Company's baseline model for 2014 AAT, conducted in late 2014, included a provision for adverse deviation (PAD): **2% additional claims** over the Company's **2014 best estimate assumptions**.

Assumptions used in the Company's projections in its 2015 rate filings included a margin for moderately adverse experience (MAE): a **10% load on claims** over the Company's **2015 best estimate assumptions**. The Company's 2015 AAT, conducted in late 2015, matched the MAE margin of a **10% load on claims** over the Company's **2015 best estimate assumptions**.

The Company's LTC assumptions, including lapses, mortality, and morbidity, is reviewed annually. Best estimate assumptions were updated early in 2015 – after the 2014 AAT was completed – for use as the basis of projections for 2015 filings.

Objection 2

*Question:* 14VAC5-200-185.D requires the provision of a contingent benefit upon lapse for policies with issue ages 55+ if the requested rate increase is approved. Please provide the assumptions with respect to the election of contingent benefit upon lapse in the projections "with rate increase" included in the exhibits.

**Response:** No explicit assumption has been made in the projections "with rate increase" for policyholders electing contingent benefit upon lapse. The Company's experience has been that a very low proportion of policyholders affected by rate increases have exercised this option.

Objection 3

*Question:* The Memorandum, item #25 indicates that for policies with rate guarantees, the rate increase will be applicable when the rate guarantee expires. The State Filing Grid also notes the existence of a 10-year rate guarantee on policies issued in Virginia.

a. Please provide more specifics as to what portion of policies will be subject to rate increase in each calendar year, and if the 2-year delay of the subsequent (33%) increase also is intended to apply to these policies.

**Response:** Rate increases will become effective, by policy, on their respective policy anniversary following the expiration of the rate guarantee. Policies for this product were issued in Virginia from

2008 through 2010; therefore, the 10-year rate guarantees will be expiring and the first set of higher premiums effective from 2018 through 2020. The second rate increases will become effective, by policyholder, two years after the effective date of their respective first increase. The grid below shows the portion of policies that will be subject to each of the two rate increases, by calendar year.

			Year first	Year second
Issue	Number	Percent	Increase (50%)	Increase (33%)
Year	of Policies	by Year	Effective	Effective
2008	330	28%	2018	2020
2009	484	41%	2019	2021
2010	357	30%	2020	2022
	1171	100%		

b. Please clarify the assumptions made in the projections for the timing of premium guarantee expirations.

**Response:** A conservative and simplified approach is used in the projections of the rate increase timing. For purposes of modeling only, the initial rate increase of 50% is assumed to be effective October 1, 2015 for all policies. The second increase of 33% is assumed to be effective October 1, 2017. It should be noted that this results in overstating the future premium and thereby producing a lower loss ratio after the rate increase. Even with this lower loss ratio, the filing still passes the 58% / 85% rate stability loss ratio test.

#### Objection 4

**Question:** Exhibit 1 and Exhibit 2 both include a section on the far right listed as original assumptions. The Incurred claims listed in both exhibits are different. This produces Exhibit 1 which shows historical A/E on a discounted basis at about 125%, to differ from Exhibit 2 which shows an A/E of about 115%. Please explain.

**Response:** The two Exhibits provide two different perspectives regarding “original” incurred claims. In Exhibit 1, for the columns illustrating all original assumptions (columns E, F, and G), historical premium uses actual earned premium for calendar year 2006 - 2014 and incurred claims are projected using the original expected *loss ratios*. Please refer to the referenced footnote at the bottom of the exhibit.

In Exhibit 2, for the columns using original persistency and original morbidity (columns H, I, K, and L), the historical earned premium is on an actual basis and the historical incurred claims are on an original expected basis. Please refer to the explanatory notes at the bottom of the exhibit.

#### Objection 5

**Question:** Exhibit 2 shows the stepwise impact of moving from initial to current assumptions. The filing also indicates that the main reason for the rate increase is the unrealized persistency assumptions, and morbidity has little impact. The analysis (and your response to item #5) indicates that lapse experience has not deviated from expected. Expectations of future mortality and morbidity experience appear to be the key drivers of the requested increased. The Milliman A/E study showed actual morbidity experience for this block of policies was greater than “benchmark”, but still used 100% of the benchmark citing low



credibility. In Exhibit 2, future projected claims, however, are projected to be about 73% greater than original assumptions due solely to the morbidity assumption change, which is much greater than the A/E. Please provide additional explanation of the change in the expected morbidity assumptions.

**Response:** The Company has produced filing materials to apply to all of its LTC business in all states as it is seeking rate increases on its four generational products. These products are referred to by the year they became available for sale (1993 product, 1997 product, 2002 product, and 2006 product). Some materials are developed to give a view of the Company's entire LTC business to provide context for the specific product and state business referenced in the Actuarial Memorandum. The persistency experience is the primary driver of higher than expected lifetime loss ratios on the 1993 and 1997 products. The 2002 and 2006 products were both priced with ultimate lapse rates that are much more in line with both current assumptions and emerging experience. Exhibit 2 illustrates that emerging morbidity experience is the main driver of increases in the expected lifetime loss ratio on the 2006 product and current lapse rates are consistent with the original pricing assumption. The change in mortality assumptions also had an adverse impact on the loss ratio for the 2006 product.

There are two different "expected" assumptions being referenced in the filing materials. The Milliman A/E study "benchmark" was based on Milliman's LTC Guidelines as the expected. The Milliman LTC Guidelines are viewed as a credible baseline set of assumptions to measure Company experience against. Based on the Milliman A/E study, fitting factors were developed in aggregate for each product. Exhibit 2 uses the original pricing morbidity as the expected. The expected used in Exhibit 2 is different than the expected used in the Milliman study. The Exhibit shows the impact from original pricing, by changing each assumption from the original pricing to the current assumptions.

#### Objection 6

**Question:** The Actuarial Certification states that no provision for moderately adverse experience was included in the calculations, except for a 10% explicit load on the future claims:

a. The Supplemental Information on Key Assumptions, page 2, Claim Reserve Review, indicates that 57% (\$32.4 million of \$57.0 million) of the incurred claims reported is the claims reserve, and cites the claim reserve retro test as support for the best estimate basis of the reserve. This test, however, indicates consistent sufficiency ranging from 9% to 35% of the starting reported reserve, with the average sufficiency noted as 17%. This would appear to indicate that the claim reserves contain margin and are overstating the incurred claims in the historical analysis, as well as possibly inflating the projection of future claims. Please address this concern with respect to the determination of the best estimate claim experience.

**Response:** The Company agrees that conservatism in the LTC claim reserves may have resulted in a margin of about 10% in the Company's historical claims experience, product fitting factors somewhat higher than best estimate, and future projections that include a margin of about 15% (rather than 10%). It should be noted that due to the small size of the claim reserves, there is anticipated to be some statistical variability in the results and in the future. The claim reserve may not have the same high level of sufficiency.

This higher margin essentially works to the benefit of the policyholder; however, the Company is requesting a rate increase of 100%, even though the maximum allowable increase on this 2006 Product is 173%. After a 100% rate increase, the expected lifetime loss rate is 101%. The Company will not be

able to ask for additional rate increases in the future unless or until the expected lifetime loss ratio exceeds 101%, which would indicate experience has deteriorated by at least 15%. If the margin in the claim reserves is removed, the expected lifetime loss ratio would decrease, thus allowing the Company to file for rate increases sooner.

#### Objection 7

*Question:* In regards to the maximum allowable rate increase calculation:

a. Appendix A does not appear to disclose the “greater of original pricing loss ratio and 58%” – Exhibit 1 & 4 show the original pricing loss ratio as approximately 68%. Per your response to the 1/4/16 objections, item #8, you indicate that the original loss ratio, including a 10% margin would be 78%. Please provide the anticipated lifetime loss ratio as defined by 14VAC5-200-153.G.2.

**Response:** As stated in our response to the 1/4/16 objections, item #8, the original anticipated lifetime loss ratio was approximately 70.9%. The maximum allowable premium rate schedule increase calculated, had the greater of the original anticipated lifetime loss ratio or 58% been used in the calculation to 14VAC5-200-153.C, was 149%. This information has been added as “Approach 3” on both Appendices A and B in the attached file, “VA Rate Basis Appendix – 2006 V2”.

b. Please advise how many policyholders will be eligible for the contingent benefit upon lapse. If the majority are eligible, please provide a plan in accordance with 14VAC5-200-153.G.1.

**Response:** An increase of 100% triggers eligibility for all 1,171 policyholders of this product in Virginia. The information below, and the attachments to which it refers, are provided as our plan in accordance with 14VAC5-200-153.G.1.

**Administration:** Customer Service and Policy Administration for the Company’s proprietary LTC policies are handled by CHCS Services Inc. (CHCS). CHCS is a third party administrator of many senior market programs including Medicare Advantage, Medicare Supplement, Medicare Part D, Medicare Select, and Long Term Care. Attached is an overview (see the file labeled **Standard Operating Procedures Overview\_LTC Administration V2**) of the services areas included in the agreed upon standard operating procedures and client rules that have been developed in partnership with CHCS specific for policy administration and governance of the Company’s relationship with CHCS. Each section shown in the administration overview contains well developed procedures and guidelines with a focus on appropriate controls and process documentation.

**Claims:** Claim handling for CMFG Life Insurance Company’s Long Term Care policies is also currently administered by CHCS. Attached are claim process flows, in the file labeled **LTC Claim Overview CMFG CHCS**, that illustrate current practices related to claim intake, eligibility, care management, and adjudication. Each sub-segment of the claim process is well developed with appropriate controls and defined roles.

#### Objection 8

*Question:* Please provide the Lifetime loss ratio assuming that the proposed ultimate increased rates were in place since policy issue.

**Response:** The file “Appendix B - Rate Increase Since Inception - 2006.xlsx” shows the lifetime loss ratio assuming the full requested rate increase was inforce since inception. Both the historical and projected experience has been updated to show the premium as if the full requested rate increase was inforce.

#### Objection 9

**Question:** Actuarial Memorandum Item 28, the last paragraph of the Actuarial Certification, indicates that “if the premium rate schedule increases are implemented and the underlying assumptions, which reflect moderately adverse conditions are realized, no further premium rate schedule increases are anticipated”. Appendix A, item #22 indicates that the projected Nationwide Lifetime Loss ratio with increases is 101%.

Please confirm that if the requested rate increases are implemented, the Company will not request further rate increases that would decrease the lifetime loss ratio to less than 101%.

**Response:** If the requested rate increases are implemented, and experience does not deteriorate beyond what has been assumed (including the margin for adverse deviation), the Company will not request further rate increases. This also means the Company will not request further rate increases that would decrease the lifetime loss ratio to less than 101%. CMFG Life has accepted responsibility to share in the burden with policyholders the impact of future higher-than-anticipated incurred claims due to significantly less favorable experience than was assumed when this product was priced.

#### Objection 10

**Question:** Your response to our previous objection 4 has not resolved our concern regarding Section 19 of the Actuarial Memorandum. Please confirm the experience and projections used for the post stability block of business does not include any premium or experience for the pre-stability block in the nationwide exhibits. If that is not the case, please revise all exhibits accordingly.

**Response:** The 2006 Product is based on all post-rate stability business. Virginia’s rate stability date is 10/01/2003. Policies were first sold for the 2006 Product in 2006.

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## Functional Responsibilities

These are the roles and responsibilities including, but not limited to, functional area responsibilities, high-level sign-offs, etc. See the Administrative Services Agreement for specific details.

**Administrator:**

CHCS Services, Inc.  
411 N. Baylen Street  
Pensacola, FL 32501

**Insurer:**

CMFG Life Insurance Co.  
5910 Mineral Point Road  
Madison, WI 53705

### 1.1 Client Responsibilities

CMFG Life will handle agent administration/commissions functions (includes advances), insurance department complaints, product filings, reserving, and product marketing.

### 1.2 Third Party Administrator (TPA) Responsibilities

CHCS will handle product and process administration including data entry, underwriting, policy issue, policyholder services, premium billing and collections, accounting, & claims. CHCS will also provide the necessary data for paying agent commissions and any required regulatory data inquiry or request.

[Note: On September 15, 2010 CMFG Life discontinued the sale and issuance of their long term care product; therefore sections of this document are retained as reference only.]

# EXHIBIT D Services Responsibility Matrix

Service	THE INSURER	TPA	Comments
<b><u>POLICY ISSUE:</u></b>			
A. Receive all applications and date stamp & process		X	
B. Verify agency and agent licenses/appointment		X	
C. Perform Underwriting		X	
D. Set up of policy information on computer		X	
E. Accounting for cash with application		X	
F. Produce issue documents		X	
G. Assemble policy for delivery to insured by agent		X	
H. Annual regulatory reporting of replacements		X	
I. Monthly reporting of replacements		X	
J. Monthly pending, issued, declined business reports		X	
K. Cost of authorized physician statements			Passed to THE INSURER at cost
L. Cost of medical exams			Passed to THE INSURER at cost
M. Cost of outside Medical Directors used to underwrite			Passed to THE INSURER at cost
N. Prepare and distribute Pending Reports to agents		X	TPA to provide data. Insurer to distribute reports.
<b><u>AGENCY</u></b>			
A. Set up and maintain agent master file for licensed agents including, but not limited to:			
1. Mailing information		X	
2. Vesting		X	
3. Assignment		X	
4. Method of payment (retained commissions, etc.)		X	
5. Hierarchy		X	
6. Contract type		X	
B. Contract, license and appoint agency/agents	X		
C. Background check fees	X		
D. Agent License Fees	X		
<b><u>PREMIUM COLLECTION AND ACCOUNTING</u></b>			
A. Deposit cash received in a bank account maintained In the name of Insurance Company		X	

# EXHIBIT D Services Responsibility Matrix

	Service	THE INSURER	TPA	Comments
B.	Verify accuracy of amounts received in payment of Premium		X	
C.	Apply premium and track paid-to dates		X	
D.	Produce premium notices and lapse notices		X	
E.	Bill and account for premium rate increases		X	
F.	Produce premium journals		X	
<b><u>CLAIMS</u></b>				
A.	Adjudicate claims		X	THE INSURER based on pre-set parameters
B.	Approve specified claims	X		
C.	Produce claims checks		X	
D.	Produce claims information needed to perform actuarial services		X	
E.	Produce and issue 1099 forms		X	
F.	Withhold and report federal/state income tax as required		X	
G.	Compute statutory interest on payment of claims when applicable		X	
<b><u>COMMISSIONS:</u></b>				
A.	Calculate commissions	X		
B.	Produce & mail commission statements	X		
C.	Pay commissions	X		
D.	Issue 1099's to agent at year end	X		
E.	Prepare production reports for agents	X		
F.	Track agent balances	X		
<b><u>POLICYOWNER SERVICES</u></b>				
A.	Answer policy owner questions and correspondence	X	X	
B.	Make requested policy changes to computer records	X	X	
C.	Perform services based on service standards outlined in Exhibit C	X		
D.	Maintain electronic or hard copy of policy files	X	X	
E.	Process non-forfeiture options	X	X	
F.	Administer services according to	X	X	



**EXHIBIT D**  
**Services Responsibility Matrix**

	<b>Service</b>	<b>THE INSURER</b>	<b>TPA</b>	<b>Comments</b>
	the policy contract provisions and procedures defined by the Insurer			
G.	Maintain a dedicated 800# for Insurer	X	X	
<b><u>ACCOUNTING</u></b>				
A.	Prepare the following account reports on a			
	1. Monthly basis:		X	
	a. General ledger	X	X	
	b. Trial balance	X	X	
	c. Bank reconciliations	X	X	
	d. Statutory and GAAP non-ledger entries **CHCS does not provide this item**	X	X	
	e. Report any unclaimed property	X	X	
	2. Quarterly basis			
	a. Quarterly premium tax returns	X	X	
	3. Annual basis:			
	a. Information required for completion of Statutory Annual Statement, Market Conduct Annual Statement		X	
	b. Information for inclusion in a federal corporation income tax return.		X	
	c. Premium tax returns		X	
B.	Prepare reports needed to administer reinsurance Treaties, if any		X	
C.	Prepare and file state and local premium tax returns	X		
D.	Prepare and file escheat returns	X		
E.	Prepare and file Statutory Annual Statement	X		
F.	Prepare and file GAAP Annual Statement, Market Conduct Annual Statement	X		
G.	Prepare and file federal/state income tax returns	X		
H.	Make all necessary wire-transfers to sweep premium accounts and fund disbursement accounts	X		

# EXHIBIT D Services Responsibility Matrix

	Service	THE INSURER	TPA	Comments
I.	Provide premium, claim & commission reports, including the CU#		X	As requested by CMFG
<b><u>ACTUARIAL:</u></b>				
A.	Calculate due and advance premiums	X	X	
B.	Calculate statutory and GAAP reserves	X		
C.	Calculate claims liabilities	X		
D.	Calculate and review loss ratios	X		
E.	Recommend any needed rate increases	X		
F.	Preparation of rate increase filing documents	X		
G.	New product design and pricing	X		
H.	Preparation of new product filing documents	X		
I.	Certification of Statutory and GAAP Reserves and Claims Liabilities annually	X		
J.	Perform experience studies	X		
K.	Assist in any needed Cash Flow Testing	X		
L.	LTC/HHC state experience filing reports	X	X	CHCS provides data/CMFG files
<b><u>COMPLIANCE:</u></b>				
A.	Monitor regulatory developments, comply as necessary	X	X	
B.	Complaints/inquiries – timely response with copy to THE INSURER		X	
C.	Respond to regulatory exam requests and otherwise Cooperate in conduct of exams as to matters within Scope of this Agreement	X	X	
D.	Produce documents for dispute resolution, litigation Support on a timely basis		X	
E.	Retain records according to the longer of THE INSURER's Record retention policy or the requirements of law		X	
F.	File rate increases approved by THE INSURER with state insurance departments	X		
G.	Periodic audit or Compliance	X		

EXHIBIT D  
Services Responsibility Matrix

	Service	THE INSURER	TPA	Comments
	administration			
<b><u>MARKETING:</u></b>				
A.	Marketing brochures and pamphlets	X		
B.	Agent bulletins and promotions	X		
C.	Public advertising	X		
D.	Marketing Supply distribution	X		
<b><u>OTHER SERVICE/RESPONSIBILITIES:</u></b>				
A.	Cost of record transfer upon termination	X		
B.	Provide reasonable access to records for audit		X	
C.	Audit of Administrator(s) records	X		
D.	Comply with a case law, statutory and regulatory requirements		X	
E.	Maintain off-site computer business recovery backup plan		X	
F.	Process special mailings to insured's		X	Example: privacy mailings
G.	Cost of processing special mailings to insured's	X		
H.	Reinsurance administration, if any	X		
I.	Special regulatory mailing	X		Example: proxy vote mailings, annual report mailings
J.	External audit fees	X		
K.	Compliance Escalation/Legal Matters	X		
	1. Major Policy owner complaints	X		
	2. Major Agent complaints	X		
	3. Insurance department lawsuits	X		
	4. Insurance department regulations/fees	X		
L.	Bank charges/fees	X		
M.	Postage for contracted services		X	
N.	Telephone charges for contracted services		X	
O.	Cost of any conservation programs	X		
P.	Preparation/Mailing Form 1099		X	

EXHIBIT D  
Services Responsibility Matrix

Service	THE INSURER	TPA	Comments
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# LTC Claim Process and Overview

# Long Term Care Process Units

## Claims

### Intake

Initial Notification of Claim  
Intake Interview

### Eligibility Paperwork

Claimant documentation required for eligibility determination

### Eligibility Decisions and Recertification

Eligibility based on product and plan of care

### Claim Adjudication

Claim invoice payments

## Care Management

### Assessments

Face to Face Nursing Assessment

### Plan of Care Management

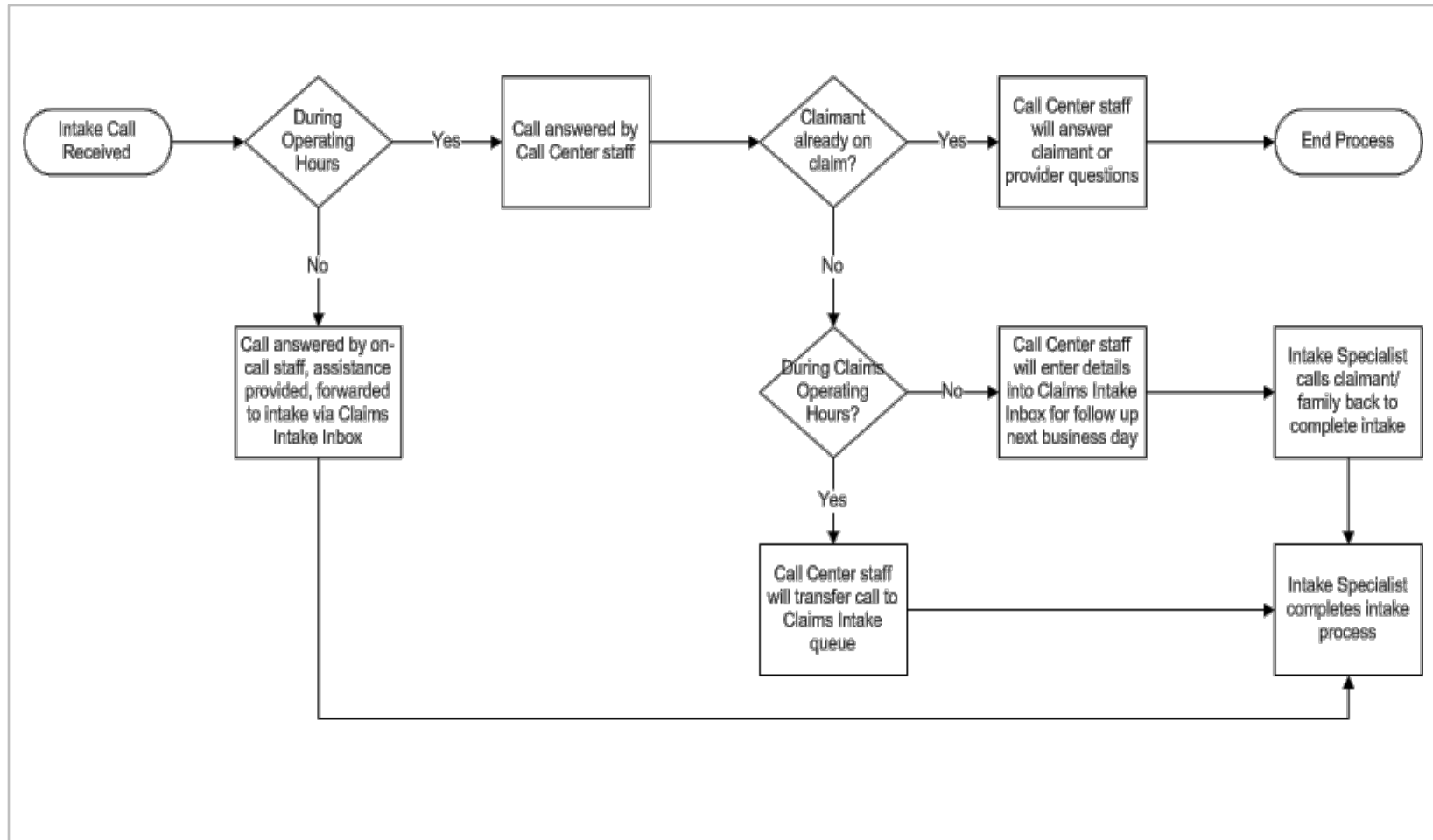
Claimant's medical condition and plan of care

## Function Titles

Intake Specialist  
Claim Support – Paperwork  
Eligibility Specialist  
Claim Examiner  
Care Management Team

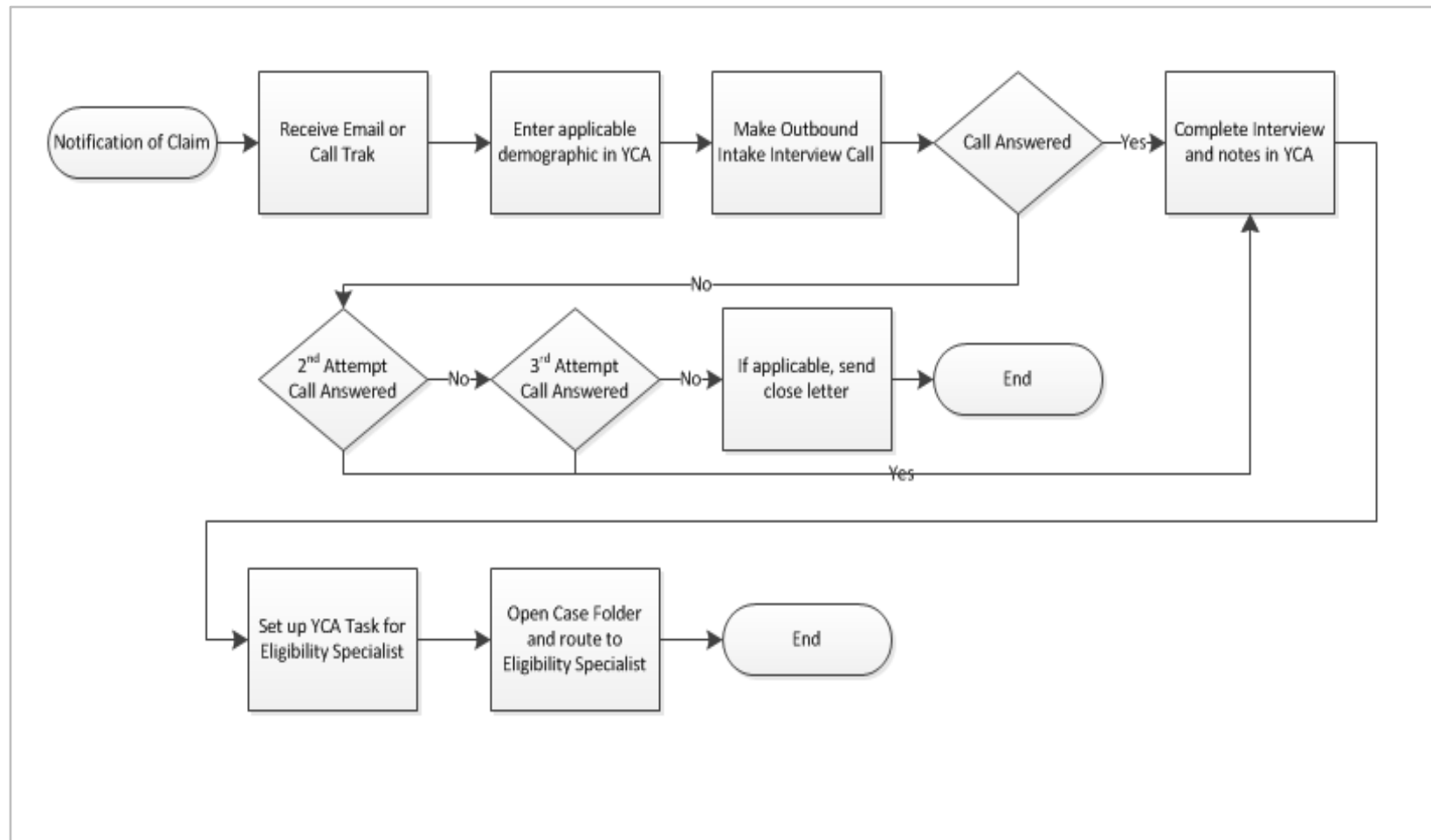
# Intake Call – Customer Service

## Call Flow Process



# Intake Specialist – Intake Interview

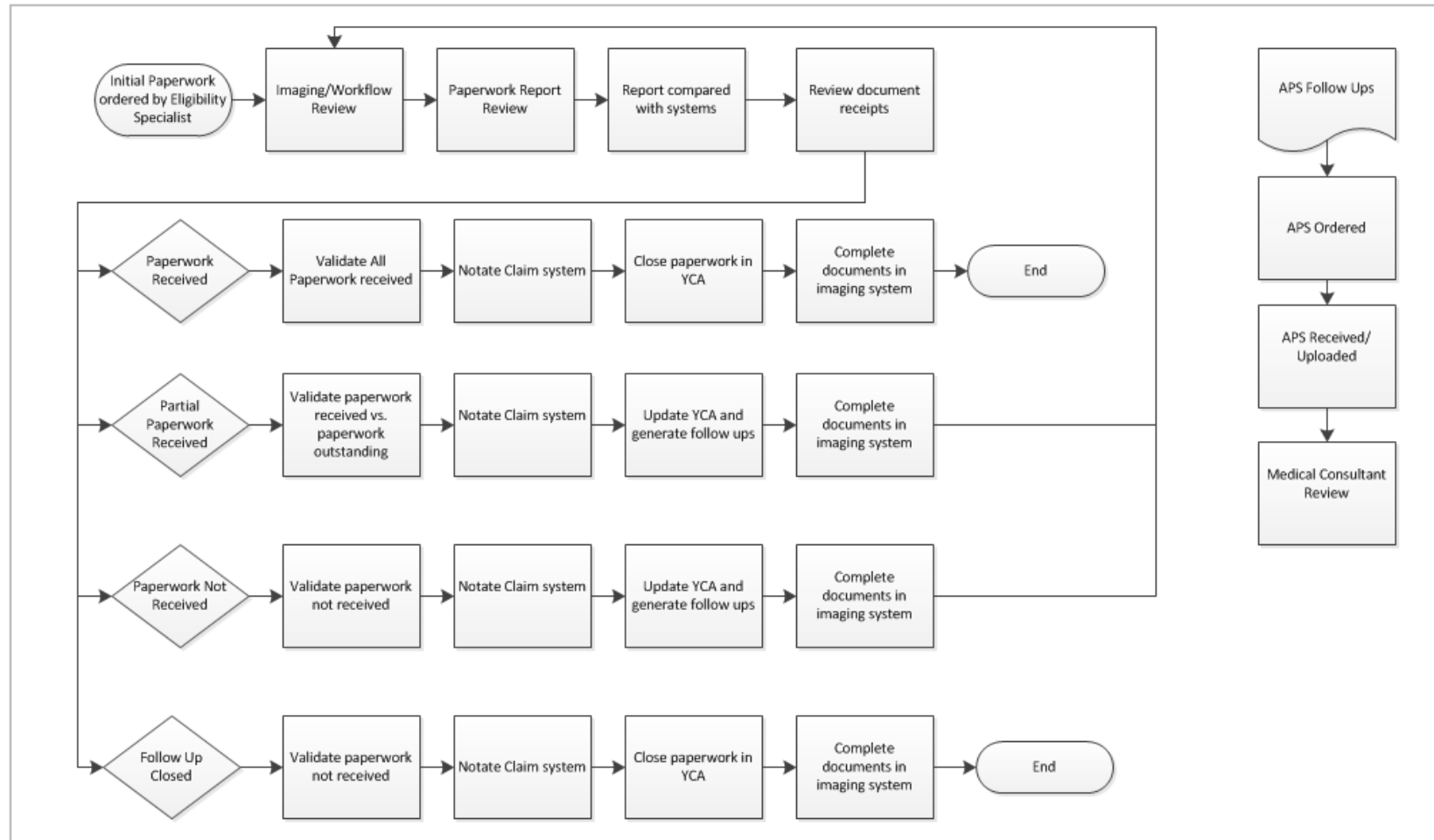
## Interview Process





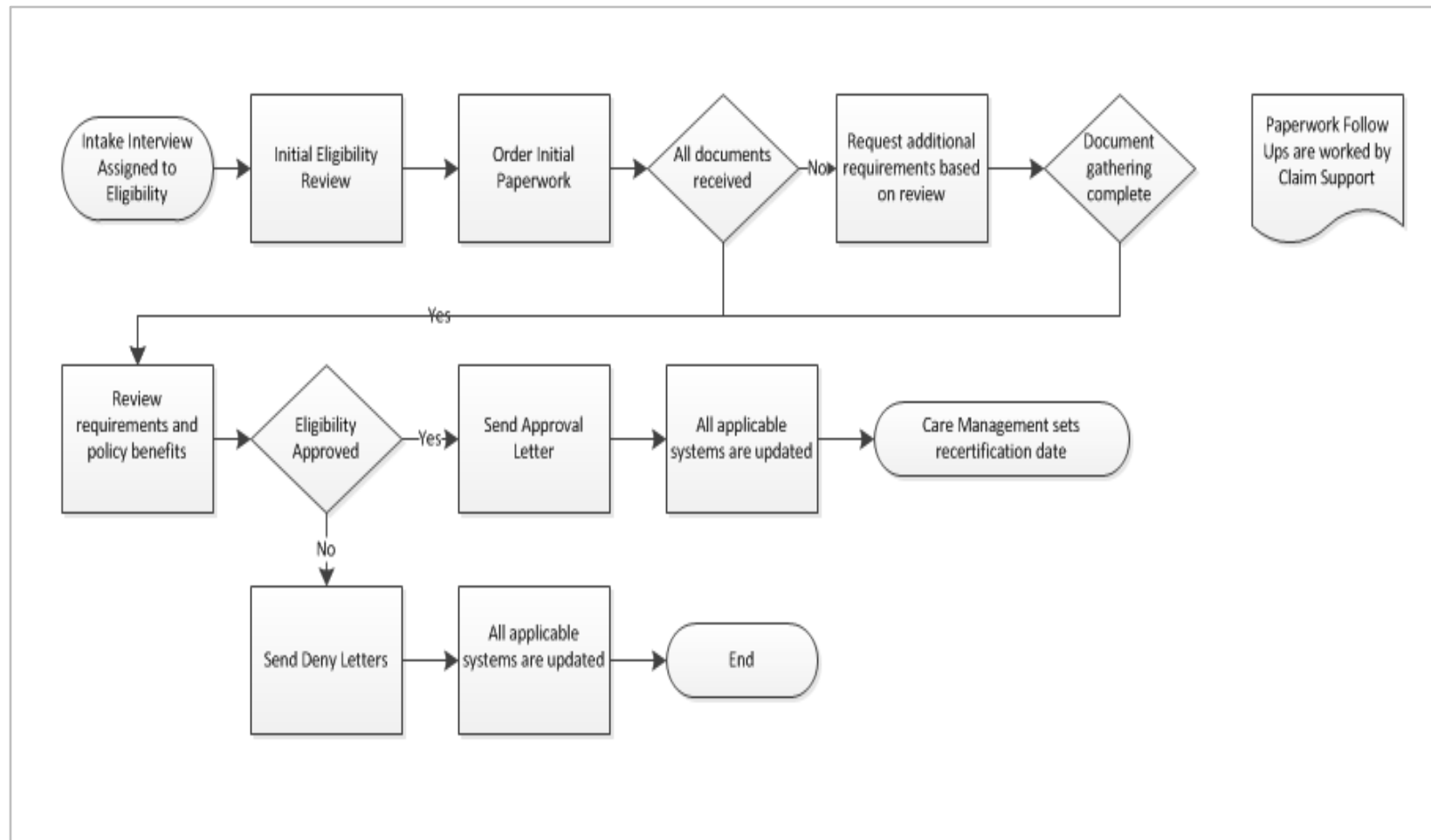
# Claim Support – Paperwork

## Follow Up Paperwork Process



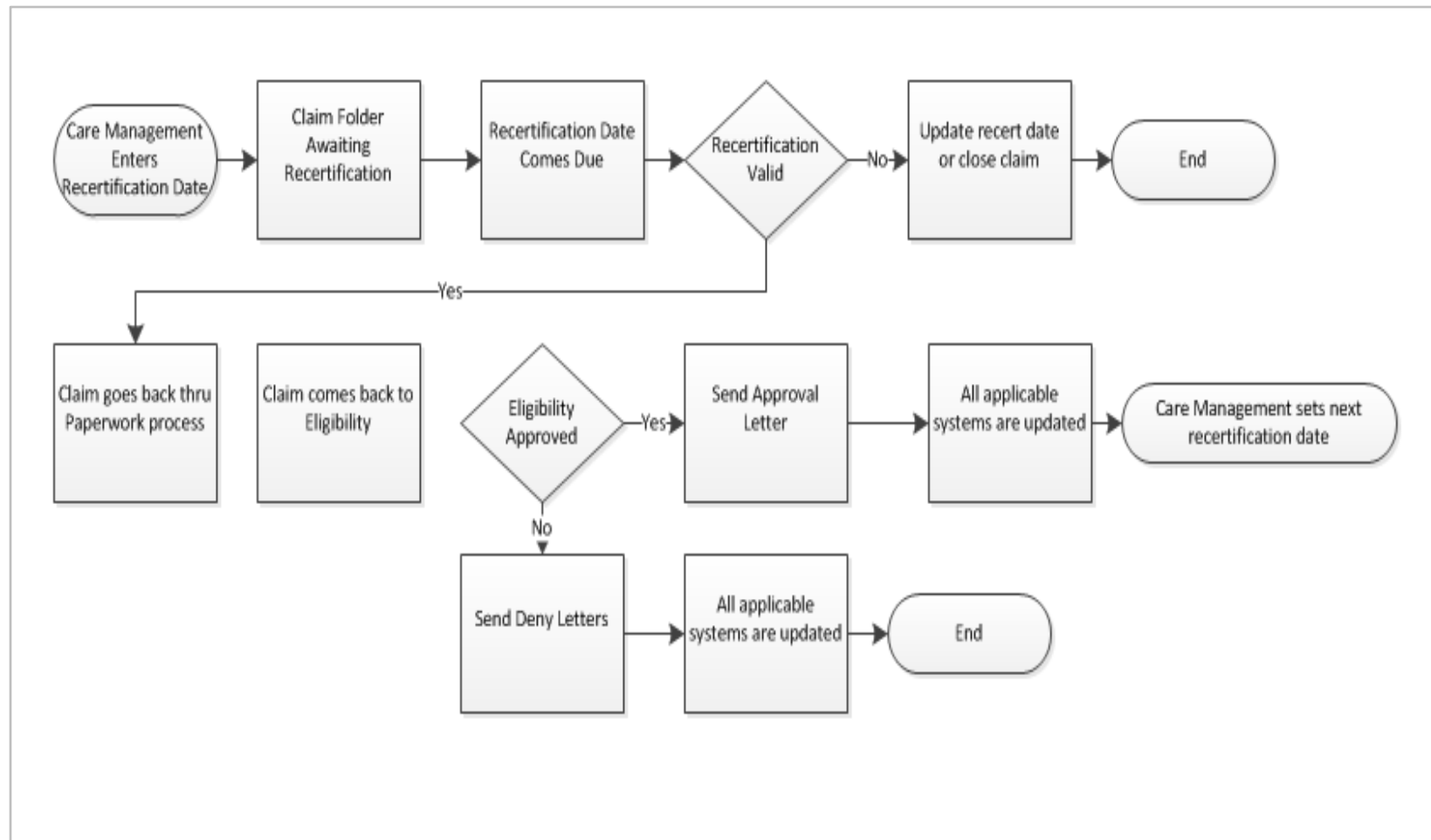
# Claim Eligibility – Initial Claim

## Eligibility Process



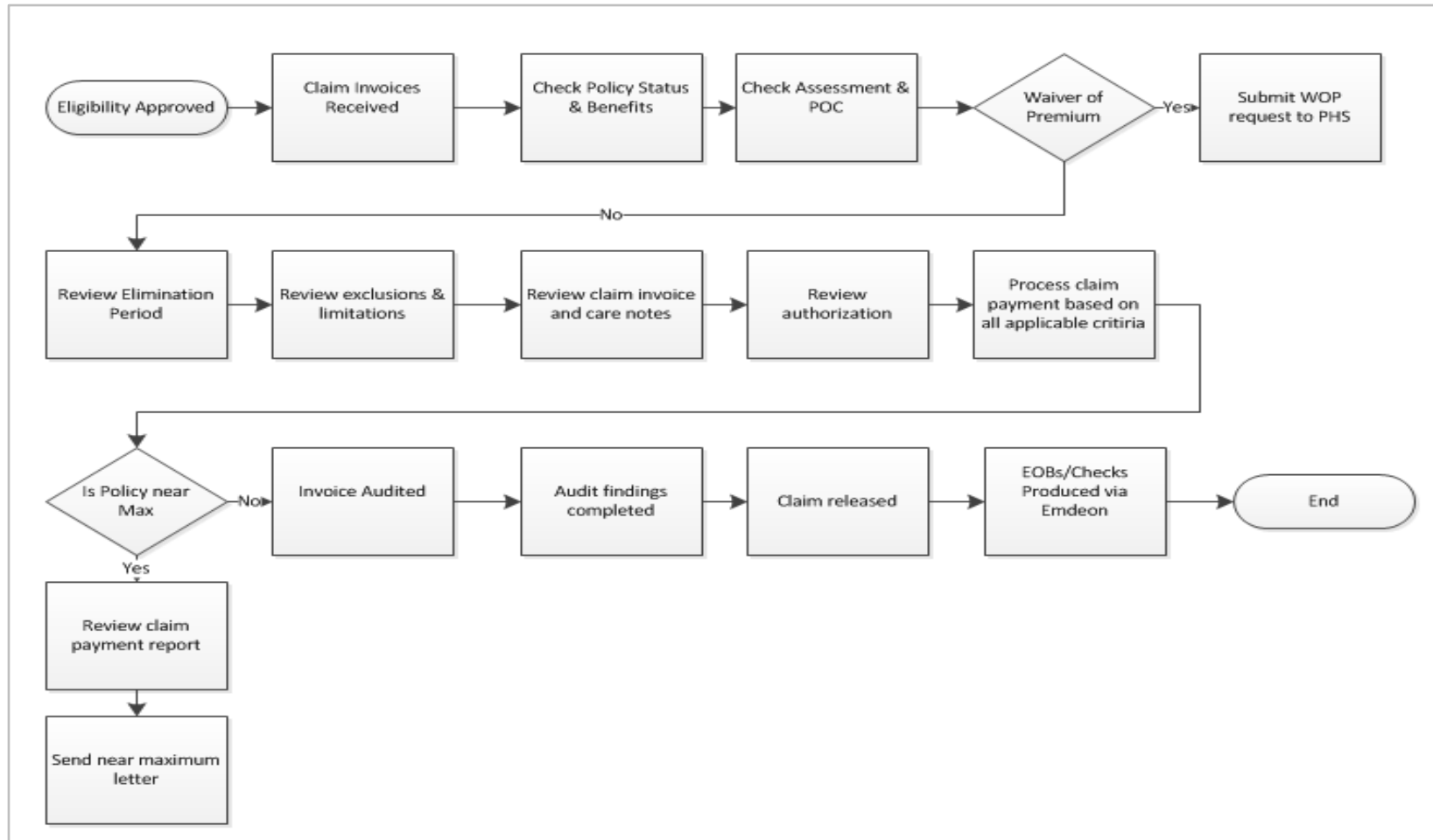
# Claim Eligibility – Recertification

## Recertification Process



# Claim Adjudication

## Invoice Payment Process



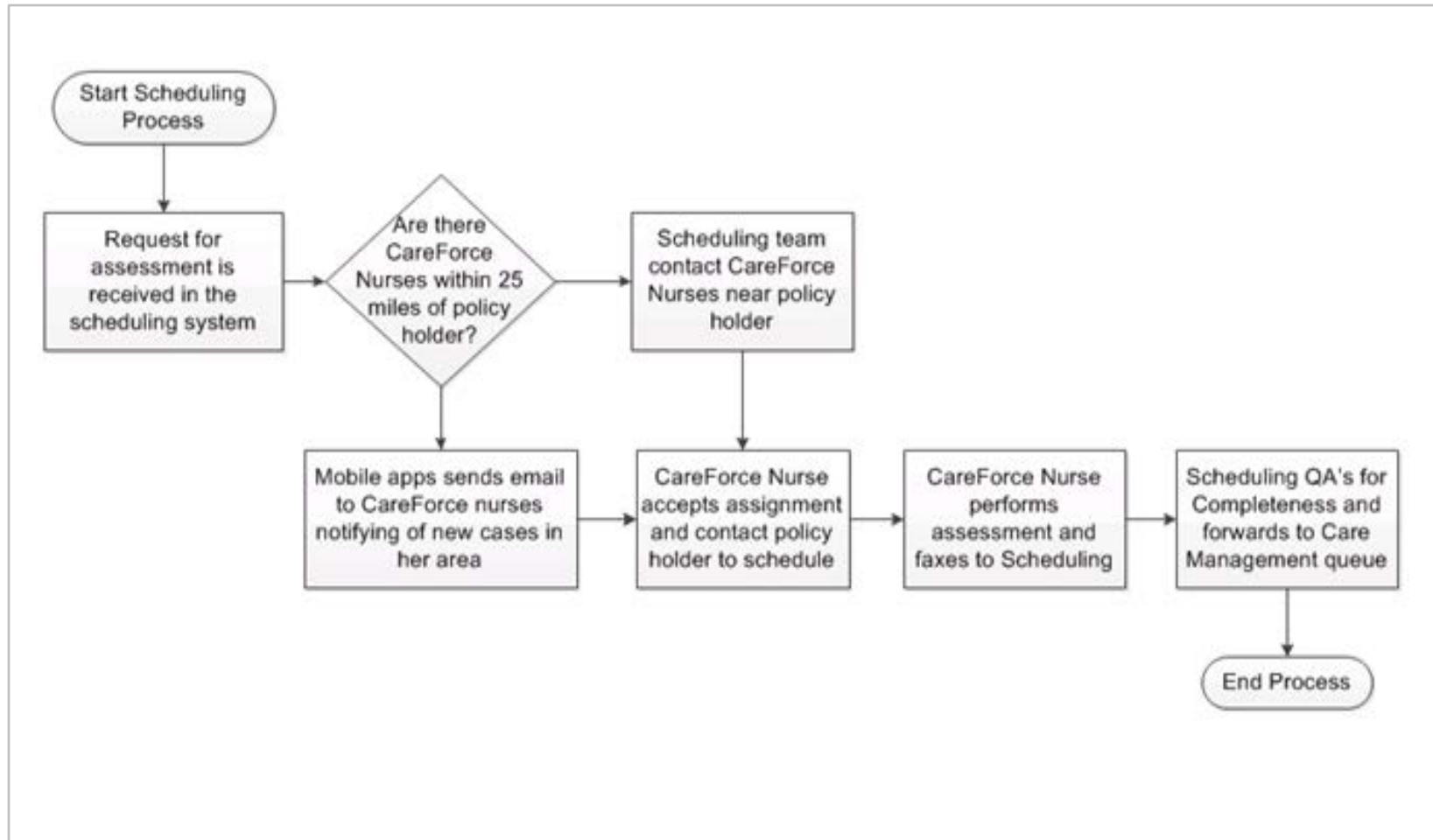
# Care Management Overview

## Assessment Scheduling & Care Management Overview

- Recertification intake and assistance
- Order Recertification Face to Face assessment
- Develop plan of care
- Work with Claims to establish eligibility and approve plan of care based on benefits
- Work with Provider Network to put care in place (implement plan of care)
- Ongoing monitoring

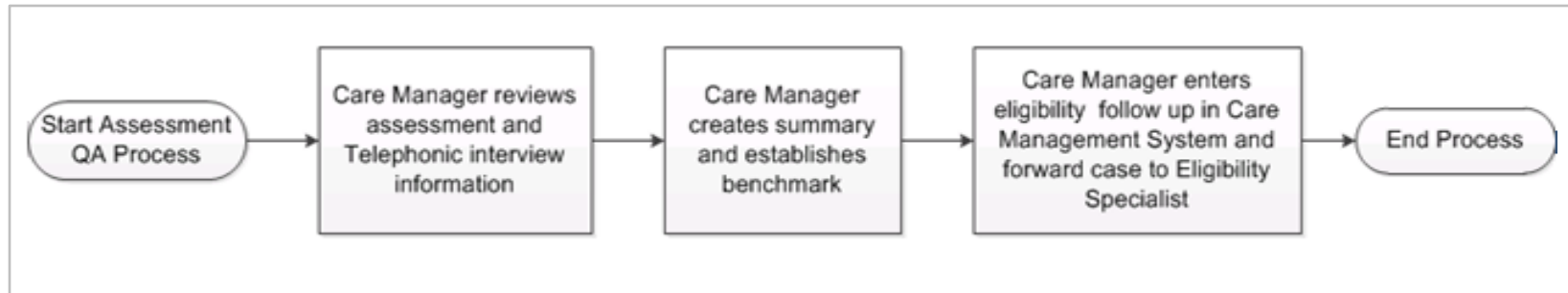
# Care Management Scheduling

## Scheduling Process



# Care Management Plan of Care

## Face to Face Assessment QA and Recommended Benchmark



## Claim Management Team

The CHCS Care Management Team is primarily responsible for assisting seniors (and their families) manage their long term care needs. This includes the following services:

- Benefit notification during claim process,
- Plan of Care development,
- Pre-authorization of services,
- Provider referrals,
- Community resource identification,
- Discharge planning,
- Policyholder/member monitoring during and after care.

Data gathered during these activities is captured in the Care Management System, the Scheduling System, and Workflow System

# Care Management Plan of Care (continued)

## Face to Face Assessment QA and Recommended Benchmark

- The care manager does an initial QA of the assessment, and if no clarifications are needed from the field assessor, the case manager and the transcriptionist complete the transcription of the comprehensive assessment Summary template in the Care Management System.
- The CM completes the recommended Plan Of Care (POC) in the Comprehensive Assessment Summary (CAS), and the recommended Benchmark.
- The CAS is sent automatically uploaded to the claimant's parcel in Workflow's Care Management queue, the care manager then sends the parcel to the distribution server to route the assessment and the CAS to the Eligibility Queue.
- Once the care manager has sent the assessment and CAS to Claims, the care manager enters a 'pending eligibility' follow up item in the Care Management System and assigns it to the Claims Eligibility workgroup



# Care Management Plan of Care (continued)

## Face to Face Review and Care Manager Recommendations Process

### **CAS – Comprehensive Assessment Summary**

(Comprehensive assessment review by the Care Manager and Plan of Care Recommendations)

The CAS will provide a summary on the following:

- Medical History/ Visual Assessment
- Psycho-Social Assessment
- Functional/ Limitation Assessment
- Assistive Devices/ Safety Assessment
- Prior Level of Function
- Financial Assessment
- Current Care Status Assessment
- Impressions
- Plan of Care
- Anticipated Claims Risk Exposure (per carrier request)

**Responses to 5/25/2016 Objections****Question #1**

*Question:* 14VAC5-200-153.B.3.f requires that the actual and projected costs exceed costs anticipated at the time of initial pricing under moderately adverse experience and that the composite margin is projected to be exhausted. As a result, the original anticipated lifetime loss ratio to be used in the calculation to be disclosed per 14VAC5-200-153.G.2 includes margin. Therefore the calculation should use 78% as the original anticipated lifetime loss ratio. Please revise the Approach 3 calculation that was added to “VA Rate Basis Appendix – 2006 V2”.

**Response:** The Approach 3 calculation has been revised to use the original anticipated lifetime loss ratio under moderately adverse experience which is equal to 78%. The maximum allowable rate increase under the revised Approach 3 calculation is 136% and is provided in the file “VA Rate Basis Appendix – 2006 V3”.

**Question #2**

*Question:* Please describe the basis for the original morbidity assumptions. Please also provide a discussion of the drivers of the change from these original assumptions to those (based on Milliman’s 2014 Guidelines) that are the basis of the current projections. For example, if applicable, the discussion would include how the assumed incidence or severity of claims has changed (increased/decreased/changed slope, etc.) particularly for specific benefit types or underwriting categories.

**Response:** The original morbidity assumptions were based on Milliman’s Long Term Care Guidelines. The description from the originally approved actuarial memorandum is provided below:

The incidence rate and length of stay for facility and home and community services are based on Milliman’s Long Term Care Guidelines (Guidelines). The Guidelines are based on Milliman’s analysis of over \$1.8 billion of long term care insurance claims. Prior to analyzing the insured experience, Milliman developed morbidity estimates from the following population sources: 1997 National Nursing Home Survey, 1998 National Home and Hospice Survey, and the 1994 National Long Term Care Survey. Adjustments were based upon marital status, tax qualified plan, care management, and geographic areas.

Various select factors and adjustments were made to derive final claim costs in order to adjust the data’s experience period forward to 2006 and to reflect this policy form’s market, features, underwriting guidelines, and expected care coordination and claims adjudication practices. Further estimates were made to add ancillary benefits.

An important factor that has impacted the evolution of the morbidity assumption is the amount of data upon which the assumption is developed. The Guidelines have included significantly more underlying data from the time of original pricing to the development of the 2014 Guidelines. The original pricing was based on \$1.8 billion of LTC insurance claims compared to the 2014 Guidelines which are based on \$25 billion of incurred LTC insurance claims and 29 million life years of exposure.

The increase in underlying data, summarized by the Guidelines, has shown the following:

- Incidence continues to trend lower
  - The recent versions of the Guidelines trend incidence forward using a 1% per year improvement rate. The original morbidity assumption would illustrate a higher incidence rate compare to the current morbidity assumption using the 2014 Guidelines as the underlying assumption.
- Continuance is trending longer
  - The current versions of the Guidelines have shown that the length of stay has grown longer than in previous versions of the Guidelines.
- Utilization has trended slightly lower for skilled nursing facilities and assisted living facilities
  - The Guidelines have evolved to be specific for the care types of skilled nursing facility, assisted living facility, and home health care. In general, policyholders shown slightly lower use of facility care than originally assumed in pricing.

While the Guidelines are showing lower incidence and utilization of facility care, the increase continuance has driven a significant increase in severity. The Company continues to experience increases in total incurred claims as more industry experience emerges through each update of the Guidelines. The increase is amplified in the future projection of the Company's business as the slope of the claim cost curve has increased significantly.

### **Question #3**

*Question:* Please provide an updated state filing grid.

**Response:** An updated state filing grid is attached in the file "VA 2006 State Filing Grid 6.6.16".

### **Question #4**

*Question:* These are ten year rate guarantee policies; and as a result, the rate increases would not take effect until the guarantee has expired some time in the future. Because of the potential time lag between approval and implementation date, when would the company notify the policyholder an increase has been approved and will be implemented in the future - upon approval of the increase or just 75 days in advance of its implementation date?

**Response:** The rate increase will become effective on policyholder's first policy anniversary following the implementation date upon approval of the premium rate increase. For policies still inside the product's 10 year rate guarantee, the rate increase will become effective on the first policy anniversary after the rate guarantee has expired. The policyholder notice will be sent to policyholders 75 days prior to the rate increase becoming effective on the policy. The policyholder will receive a notification for each individual increase of the proposed phased-in structure 75 days prior to the effective date of the increase.

State: Virginia

Filing Company:

CMFG Life Insurance Company

TOI/Sub-TOI: LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified

Product Name: 2006 LTC Product

Project Name/Number: 2015 LTC Rate Increase/

## Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
11/23/2016	Withdrawn 11/30/2016	Supporting Document	Long Term Care Insurance Rate Request Summary	11/30/2016	VA Rate Request Summary 2006 Rev.pdf (Superceded)
03/22/2016	Withdrawn 11/29/2016	Supporting Document	L&H Actuarial Memorandum	11/23/2016	Act Memo - 2006 Series - VA Basis.pdf (Superceded) VA Rate Basis Appendix - 2006.pdf (Superceded) VA Rate Basis Appendix - 2006.xlsx (Superceded)
12/29/2015	Withdrawn 04/11/2016	Rate	2006 LTC New Rates	03/22/2016	VA LTC 2006 New Rates 50 - set 1 of 2.pdf (Superceded) VA LTC 2006 New Rates 50x33 - set 2 of 2.pdf (Superceded)
12/29/2015	Withdrawn 04/11/2016	Supporting Document	L&H Actuarial Memorandum	03/22/2016	Act Memo - 2006 Series - VA.pdf (Superceded) VA Rate Basis Appendix - 2006.pdf (Superceded) VA Rate Basis Appendix B Alternate - 2006 - Ultimate Lapse plus 1%.pdf (Superceded)
12/29/2015	Withdrawn 11/29/2016	Supporting Document	Long Term Care Insurance Rate Request Summary	11/23/2016	VA Rate Request Summary 2006.pdf (Superceded)
12/29/2015	Received & Acknowledged 01/04/2016	Supporting Document	State Filing Grid	06/10/2016	VA 2006 State Filing Grid 12.30.15.pdf (Superceded)

<b>SERFF Tracking #:</b>	CUNA-130384266	<b>State Tracking #:</b>	CUNA-130384266	<b>Company Tracking #:</b>	2006-LTC-COMP(VA)
<hr/>					
<b>State:</b>	Virginia	<b>Filing Company:</b>	CMFG Life Insurance Company		
<b>TOI/Sub-TOI:</b>	LTC05I Individual Long Term Care - Nursing Home and Home Health Care/LTC05I.001 Qualified				
<b>Product Name:</b>	2006 LTC Product				
<b>Project Name/Number:</b>	2015 LTC Rate Increase/				

***Attachment VA Rate Basis Appendix - 2006.xlsx is not a PDF document and cannot be reproduced here.***

Long Term Care Insurance Rate Request Summary  
Part 1 – To Be Completed By Company

Reset Form

Company Name and NAIC Number:	CMFG Life Insurance Company 62626
SERFF Tracking Number:	CUNA-130384266
Effective Date:	Upon Approval

Revised Rates

Average Annual Premium Per Member:	\$1557
Average Requested Percentage Rate Change Per Member:	99.5%
Minimum Requested Percentage Rate Change Per Member:	99.5%
Maximum Requested Percentage Rate Change Per Member:	99.5%
Number of Policy Holders Affected :	1171

Plans Affected

(The Form Number and “Product Name”)

Form#	“Product Name”(if applicable)
2006-LTC-COMP(VA) 2006-LTCR-HC10EP 2006-LTCR-CIP5L 2006-LTCR-CIP3L 2006-LTCR-SIP5L 2006-LTCR-SEE(VA) 2006-LTCR-ROP(VA) 2006-LTCR-ROP75(VA) 2006-LTCR-NFB(VA) 2006-LTCR-SPWPD(VA) 2006-LTCR-LAH	Long Term Care Insurance Policy Home and Community Care 10-Day Elimination Period Rider Inflation Protection Rider - 5% Compound Lifetime Inflation Protection Rider - 3% Compound Lifetime Inflation Protection Rider - 5% Simple Lifetime Shared Extended Expense Rider Return of Premium at Death Rider Return of Premium at Death Prior to Age 75 Rider Nonforfeiture Benefit Rider Spouse or Partner Waiver of Premium at Death Rider Living at Home Rider

Attach a brief narrative to summarize the key information used to develop the rates including the main drivers for the revised rates.

***This document is intended to help explain the rate filing and it is only a summary of the company’s request. It is not intended to describe or include all factors or information considered in the review process. For more detailed information, please refer to the complete filing.***

**CMFG Life Insurance Company      62626**

**SERFF Tracking #CUNA-130384266  
2006 Product**

**Health Insurance Rate Request Summary Attachment**

**Brief Narrative**

**CMFG Life is seeking premium rate increases on its Long Term Care Insurance (LTC) products because current estimates of lifetime “loss ratios” (i.e., benefits paid to our policyholders, divided by premiums received from those policyholders) are in far in excess of those assumed when our products were priced. The primary drivers of the higher-than-expected loss ratios are higher policy persistency experience and less favorable morbidity projections than expected in original pricing. As a result, the Company will ultimately pay out much more in total claims than was originally expected.**

**The Company is requesting a cumulative premium rate increase of 99.5%; an initial 50% rate increase followed by an additional 33% increase two years later. The Company offers each impacted policyholder various options, as described in the policyholder notification letter, to keep premiums at an affordable level and reduce the rate increase impact.**

**March 22, 2016**

**Actuarial Memorandum Supporting Rate Revision for  
CMFG Life Insurance Company  
Individual Long-Term Care Insurance Plan  
2006 Product  
(Page 1 of 5)**

**1. SCOPE AND PURPOSE**

The purpose of this memorandum is to provide actuarial information supporting a rate revision to premiums for CMFG Life Insurance Company's (the Company) individual long-term care product form series 2006-LTC-COMP and associated riders. This product is referred to as the 2006 Product. (Some riders may not be available in all states.)

This product was sold nationwide from 2006 to 2010 and is no longer being marketed in any state.

The Company is requesting a 99.5% rate increase; an initial 50% rate increase followed by an additional 33% increase two years later. The rate increase is necessary because the current estimate of the nationwide lifetime loss ratio is in excess of expected. This rate filing is not intended to be used for other purposes.

The body of this actuarial memorandum was written to apply to each state where this product was issued. Any reference to information that is specific to a particular state is included in Appendix A.

Please refer to Section 27 for a description of the information contained in each Appendix.

**2. DESCRIPTION OF BENEFITS**

This product provides comprehensive long-term care coverage on an expense reimbursement basis up to policy limits. A benefit period, elimination period, monthly benefit, home health care percentage and inflation protection option were selected at issue. Several additional optional benefits were available such as nonforfeiture benefits, expanded spousal benefits and limited premium payment options. The benefit eligibility criteria are based on the insured's loss of the ability to perform Activities of Daily Living (ADLs) or having a severe cognitive impairment. The available benefit choices can be found in the rate tables that accompany this filing. A complete description of the benefit provisions and conditions for eligibility is contained in the policy form and riders on file with the state.

**3. RENEWABILITY CLAUSE**

This product is a Guaranteed Renewable, Individual Long Term Care policy.

**4. MARKETING METHOD**

This product was marketed to individuals by licensed agents. This product is not currently being marketed.

**5. UNDERWRITING**

All policies subject to this rate revision were subject to full medical underwriting in accordance with Company standards in place at the time of issue. Those underwriting standards were taken into consideration when projecting future experience.



## 6. APPLICABILITY

The revised rates will be applicable to the product described in Section 1.

## 7. MORBIDITY

The morbidity assumptions are based on a combination of the Company's historical claim experience from 2006 through December 31, 2014, the Milliman 2014 *Long Term Care Guidelines (Guidelines)* and judgment. The *Guidelines* reflect over \$25 billion of insured data and the experience and judgment of Milliman actuaries. The claim cost assumptions reflect the Company's current best estimate of future morbidity, including future improvement of 1% per year through 2029. The assumptions include a 10% load to future claims for moderately adverse experience.

## 8. MORTALITY

Mortality assumptions are based on Company experience from 2006 through December 31, 2014 and judgment. The best estimate mortality assumption is the Annuity 2000 Mortality Table on a sex distinct basis, projected forward with mortality improvement to 2029. Mortality improvement was based on 100% of Scale G for males and 50% of Scale G for females. The ultimate mortality table in 2029 was smoothed slightly to maintain a reasonable relationship of mortality rates between males and females. Mortality selection factors are also applied, starting at 0.20 in duration 1 and grading up to 0.95 in duration 14.

## 9. PERSISTENCY

Voluntary lapse assumptions are based on Company experience from 2006 through December 31, 2014 and judgment. Lapse rates are combined with mortality rates to derive the total termination rate. We assumed all remaining policies would terminate at attained age 120. The lapse assumptions represent the best estimate expectations of future experience and do not include any provisions for adverse experience. Lapse rates are shown below and vary by premium payment option and policy duration.

<u>Policy Duration</u>	<u>Premium Payment Option:</u>	
	<u>Limited Pay</u>	<u>Lifetime Pay</u>
1	2.0%	6.0%
2	2.0	4.0
3	2.0	3.0
4	1.0	2.0
5	1.0	2.0
6	1.0	1.5
7	0.0	1.5
8	0.0	1.5
9	0.0	1.0
10+	0.0	1.0

Appendix D contains a comparison of the actual total termination rates to both the original pricing assumptions and current assumptions.

## **10. EXPENSES**

Expenses are not being projected. It is assumed that the originally filed expense assumptions are appropriate.

## **11. PREMIUM CLASSES**

The rate revision will be applied as a consistent percentage to all premium classes.

## **12. ISSUE AGE RANGE**

This product was available for issue ages 18 to 90. Premiums are based on issue age.

## **13. AREA FACTORS**

The Company did not use area factors within the state in the premium scale for this product.

## **14. AVERAGE ANNUAL PREMIUM**

The average annual premium for this product both prior to the impact of the requested rate increase, and after, is indicated in Appendix A to this memorandum.

## **15. MODAL PREMIUM FACTORS**

The modal premium factors will remain unchanged from the current factors.

## **16. CLAIM LIABILITY AND RESERVE**

Claim reserves were calculated using appropriate actuarial methods for IBNR and for open claims on a disabled life basis. The claim reserves were discounted to the date of incurral for each claim and have been included in the historical incurred claims.

## **17. ACTIVE LIFE RESERVES**

We have provided supporting evidence for the justification of the proposed increase based on the relationship of incurred claims divided by earned premium compared to the minimum loss ratio. Incurred claims are calculated without the impact of the change in active life reserves.

## **18. TREND ASSUMPTION**

Benefits payable are equal to or less than the daily benefit limit. We have not included any medical trend in the projections.

## **19. MAXIMUM ALLOWABLE RATE INCREASE**

The maximum allowable rate increase is shown in Appendix A under two different approaches. The first approach applies to policies sold prior to the rate stabilization regulation date and is based on a minimum loss ratio. The state's rate stabilization regulation date (if applicable) and minimum loss ratio are shown in Appendix A. The second approach applies to policies sold on or after the rate stabilization regulation

date and is based on a 58% loss ratio on the initial premium and an 85% loss ratio on the increased premium. The requested rate increase is less than the maximum allowed increase under either approach.

## **20. DISTRIBUTION OF BUSINESS**

The historical experience reflects the actual distribution of policies during the experience period. The projected future experience is based on a seriatim projection of the current inforce policies.

## **21. EXPERIENCE – PAST AND FUTURE**

The historical and projected experience, both with and without the requested rate increase(s), is contained in Appendices B and C. The premium in Appendix B is shown on this state's rate basis (applying the level of this state's rate increase(s) to every state).

## **22. LIFETIME LOSS RATIO**

The development of the anticipated nationwide lifetime loss ratio, both without a rate increase and with the requested rate increase(s), is shown in Appendix B. An annual interest rate of 4.00% was used to calculate the lifetime loss ratio in the supporting appendices and was determined based on a weighted average of statutory valuation rates by policies sold by issue year. The initial rate increase of 50% is assumed effective January 1, 2016 (for simplicity, in the projections only, the impact of any rate guarantee period has not been modeled and the rate increase is conservatively assumed to occur on January 1, 2016). The second rate increase of 33% is assumed effective January 1, 2018.

## **23. HISTORY OF RATE ADJUSTMENTS**

Please refer to Appendix A for the history of any rate adjustments that have been approved in this state.

## **24. NUMBER OF POLICYHOLDERS**

Please refer to Appendix A for the current number of policyholders as of December 31, 2014 in this state.

## **25. PROPOSED EFFECTIVE DATE**

This rate will be implemented as soon as possible after approval has been granted as allowed based on regulation. For policies still inside a rate guarantee period, the rate increase will become effective after the rate guarantee period has expired.

## **26. RELATIONSHIP OF RENEWAL PREMIUM TO NEW BUSINESS PREMIUM**

The Company is no longer selling any new proprietary long-term care products. Therefore, the comparison of renewal premium rates after the rate increase to the Company's current new business premium rate schedule is not applicable.

## 27. SUMMARY OF APPENDICES

Appendix A contains information that is specific to the state in which this filing is made, such as the average annual premium, the number of policyholders in force, etc.

Appendix B contains historical and projected nationwide experience for all policies issued under this product. The appendix also includes the projected lifetime loss ratios both without and with the proposed increase.

Appendix C contains the historical and projected experience of only the policies issued in the state.

Appendix D contains a comparison of the actual total termination rates to both the original pricing assumptions and current assumptions.

## 28. ACTUARIAL CERTIFICATION

I, James Switzer, am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the Academy's qualification standards for preparing health rate filings.

I, John Svedberg, am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the Academy's qualification standards for preparing health rate filings.

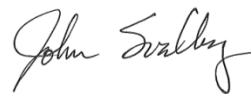
To the best of our knowledge and judgment this rate filing is in compliance with the applicable laws and regulations of this State as they relate to premium rate developments and revisions. This memorandum complies with all applicable Actuarial Standards of Practice, including ASOP No. 8.

The projected experience shown in this Memorandum is based on assumptions that include provisions for moderately adverse experience. If the requested premium rate schedule increases are implemented and the underlying assumptions, which reflect moderately adverse conditions, are realized, no further premium rate schedule increases are anticipated. In our opinions, the rates are not excessive or unfairly discriminatory.



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James Switzer, FSA, MAAA, CERA  
Actuary, Corporate Actuarial



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John Svedberg, FSA, MAAA  
Director and Actuary, Corporate Actuarial

**CMFG Life Insurance Company  
2006 Product  
Appendix A  
State-Specific Information**

**CMFG Life Insurance Company  
2006 Product  
Appendix B  
Historical and Project Experience  
Nationwide**

**CMFG Life Insurance Company  
2006 Product  
Appendix C  
Historical and Projected Experience  
State-Specific**

**CMFG Life Insurance Company  
2006 Product  
Appendix D  
Comparison of actual total termination rates  
to original pricing and current assumptions**



# Appendix A

## CMFG Life Insurance Company

### 2006 Product

#### Virginia

**Requested Rate Increases: 50% effective 01/01/2016 followed by a 33% effective 01/01/2018**

#### 14. Average Annual Premium

The average annual premium for this form and associated riders,  
prior to the rate increase, is:

Virginia	\$1,557
Nationwide	\$1,544

The average annual premium for this form and associated riders,  
after the rate increase, is:

Virginia	\$3,106
Nationwide	\$3,081

#### 19. Maximum Allowable Rate Increase

Rate Stabilization Date for Virginia	10/01/03
Approach 1: 60% Minimum Loss Ratio	240%
Approach 2: 58% Loss Ratio on Initial Premium / 85% on Increased Premium	173%

Requested rate increase

Effective 01/01/2016	50%
Effective 01/01/2018	33%

#### 22. Lifetime Loss Ratio - Nationwide

The Lifetime Loss Ratio for all policies without the requested rate increase is:	152%
The Lifetime Loss Ratio for all policies with the requested rate increase is:	101%

#### 23. History of Rate Adjustments

There have been no rate increases on this form in this state.

#### 24. Number of Policyholders and Annualized Premium as of December 31, 2014

	All Policies	
	Policies	Premium
Virginia	1,171	\$1,822,883
Nationwide	14,040	\$21,682,868

**Appendix B**  
**CMFG Life Insurance Company**  
**Historical and Projected Experience**  
**Nationwide Experience**  
**Virginia Rate Basis**  
**2006 Product**

**Historical**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2006	545	0	0%
2007	1,606,102	0	0%
2008	7,043,219	179,714	3%
2009	13,550,038	192,826	1%
2010	21,091,864	578,360	3%
2011	22,858,946	1,589,456	7%
2012	22,193,626	1,668,165	8%
2013	21,919,341	2,286,174	10%
2014	21,258,212	4,678,546	22%

**Projection without Rate Increase\***

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2015	20,766,580	3,798,514	18%
2016	20,318,033	4,668,299	23%
2017	19,878,646	5,646,257	28%
2018	19,435,359	6,729,276	35%
2019	18,965,284	7,933,306	42%
2020	18,407,543	9,255,807	50%
2021	17,889,402	10,733,805	60%
2022	17,368,784	12,365,893	71%
2023	16,806,178	14,225,808	85%
2024	16,222,641	16,263,169	100%
2025	15,644,217	18,571,585	119%
2026	15,058,046	21,072,769	140%
2027	14,456,616	23,787,731	165%
2028	13,840,264	26,689,679	193%
2029	13,213,003	29,773,142	225%
2030	12,575,891	33,341,855	265%
2031	11,927,240	37,078,085	311%
2032	11,266,350	40,897,461	363%
2033	10,602,764	44,756,978	422%
2034	9,935,348	48,605,404	489%
2035	9,263,902	52,321,585	565%
2036	8,593,545	55,722,926	648%
2037	7,931,856	58,663,160	740%
2038	7,280,063	61,056,558	839%
2039	6,638,749	62,856,521	947%
2040	6,019,478	63,971,441	1063%
2041	5,425,308	64,311,333	1185%
2042	4,856,315	63,896,094	1316%
2043	4,317,628	62,781,268	1454%
2044	3,811,921	60,950,173	1599%
2045	3,340,586	58,496,400	1751%
2046	2,905,047	55,451,116	1909%
2047	2,506,118	51,951,328	2073%
2048	2,144,108	48,143,680	2245%
2049	1,818,664	44,085,309	2424%
2050	1,528,968	39,892,834	2609%
2051	1,273,818	35,647,399	2798%
2052	1,051,544	31,456,536	2991%
2053	860,043	27,429,353	3189%
2054 and later	3,176,734	141,332,332	4449%

**Projection with Rate Increase\***

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2015	20,766,580	3,798,514	18%
2016	29,630,465	4,784,015	16%
2017	29,817,968	5,790,613	19%
2018	37,971,832	7,039,823	19%
2019	37,835,742	8,295,933	22%
2020	36,723,048	9,655,350	26%
2021	35,689,356	11,172,959	31%
2022	34,650,724	12,866,742	37%
2023	33,528,324	14,747,446	44%
2024	32,364,170	16,847,915	52%
2025	31,210,213	19,181,907	61%
2026	30,040,802	21,727,567	72%
2027	28,840,949	24,481,983	85%
2028	27,611,327	27,420,871	99%
2029	26,359,941	30,539,501	116%
2030	25,088,902	34,147,715	136%
2031	23,794,844	37,919,793	159%
2032	22,476,369	41,766,167	186%
2033	21,152,514	45,645,168	216%
2034	19,821,020	49,505,109	250%
2035	18,481,484	53,224,958	288%
2036	17,144,123	56,620,672	330%
2037	15,824,053	59,546,771	376%
2038	14,523,725	61,917,465	426%
2039	13,244,303	63,687,323	481%
2040	12,008,858	64,765,801	539%
2041	10,823,489	65,061,432	601%
2042	9,688,348	64,596,761	667%
2043	8,613,667	63,428,457	736%
2044	7,604,782	61,540,685	809%
2045	6,664,470	59,028,525	886%
2046	5,795,569	55,925,675	965%
2047	4,999,706	52,370,119	1047%
2048	4,277,495	48,509,452	1134%
2049	3,628,236	44,400,917	1224%
2050	3,050,291	40,161,812	1317%
2051	2,541,268	35,874,055	1412%
2052	2,097,831	31,645,125	1508%
2053	1,715,786	27,584,542	1608%
2054 and later	6,337,584	141,945,685	2240%

\*Projections include a 10% moderately adverse experience load to claims.

**Loss Ratio Summaries**

Accumulated Value of Historical to 12/31/2014	148,849,082	12,020,402	8%	148,849,082	12,020,402	8%
Present Value of Future to 12/31/2014	258,476,674	605,146,795	234%	475,498,678	615,939,885	130%
Total Values (Discounted at 4.00%)	407,325,757	617,167,196	152%	624,347,760	627,960,287	101%
Projected Loss Ratio without Rate Increase			152%	Projected Loss Ratio with Rate Increase		101%
Minimum Lifetime Loss Ratio			60%			
Maximum Allowable Increase						
Approach 1: 60% Minimum Loss Ratio			240%			
Approach 2: 58% Loss Ratio on Initial Premium / 85% on Increased Premium			173%			
Requested Rate Increase			50%	Effective 01/01/2016		
			33%	Effective 01/01/2018		

**Appendix C**  
**CMFG Life Insurance Company**  
**Historical and Projected Experience**  
**Virginia Experience**  
**2006 Product**

**Historical**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2006	0	0	0%
2007	0	0	0%
2008	179,533	0	0%
2009	977,246	0	0%
2010	1,693,328	0	0%
2011	1,874,280	0	0%
2012	1,849,088	533,618	29%
2013	1,826,869	92,338	5%
2014	1,825,040	302,631	17%

**Projection without Rate Increase\***

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2015	1,788,935	282,763	16%
2016	1,751,312	349,044	20%
2017	1,714,996	424,023	25%
2018	1,676,707	508,481	30%
2019	1,636,201	600,309	37%
2020	1,585,976	700,735	44%
2021	1,542,281	813,535	53%
2022	1,502,223	938,196	62%
2023	1,455,045	1,077,785	74%
2024	1,411,114	1,236,008	88%
2025	1,366,203	1,411,382	103%
2026	1,319,506	1,605,972	122%
2027	1,269,843	1,821,669	143%
2028	1,221,111	2,057,515	168%
2029	1,171,470	2,310,714	197%
2030	1,120,798	2,606,084	233%
2031	1,068,958	2,922,673	273%
2032	1,016,056	3,255,293	320%
2033	962,244	3,599,844	374%
2034	907,708	3,950,404	435%
2035	852,660	4,300,379	504%
2036	797,365	4,637,764	582%
2037	742,129	4,947,203	667%
2038	687,287	5,217,271	759%
2039	632,563	5,442,092	860%
2040	578,321	5,611,738	970%
2041	526,722	5,719,736	1086%
2042	476,882	5,773,857	1211%
2043	429,080	5,767,529	1344%
2044	383,583	5,696,826	1485%
2045	340,610	5,567,786	1635%
2046	300,333	5,380,586	1792%
2047	262,894	5,148,082	1958%
2048	228,393	4,877,484	2136%
2049	196,863	4,568,396	2321%
2050	168,311	4,233,071	2515%
2051	142,702	3,873,873	2715%
2052	119,968	3,506,067	2922%
2053	100,000	3,137,850	3138%
2054 and later	404,850	18,377,758	4539%

\* Projections include a 10% moderately adverse experience load to claims.

**Projection with Rate Increase\***

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2015	1,788,935	282,763	16%
2016	2,553,996	355,464	14%
2017	2,572,494	432,144	17%
2018	3,275,866	526,173	16%
2019	3,264,222	621,047	19%
2020	3,164,022	723,629	23%
2021	3,076,850	838,848	27%
2022	2,996,935	966,065	32%
2023	2,902,816	1,108,262	38%
2024	2,815,173	1,269,226	45%
2025	2,725,576	1,447,381	53%
2026	2,632,414	1,644,814	62%
2027	2,533,338	1,863,364	74%
2028	2,436,117	2,102,035	86%
2029	2,337,084	2,357,946	101%
2030	2,235,992	2,656,385	119%
2031	2,132,572	2,975,957	140%
2032	2,027,032	3,311,355	163%
2033	1,919,677	3,658,386	191%
2034	1,810,878	4,011,041	221%
2035	1,701,056	4,362,733	256%
2036	1,590,743	4,701,338	296%
2037	1,480,548	5,011,313	338%
2038	1,371,138	5,281,151	385%
2039	1,261,964	5,505,079	436%
2040	1,153,751	5,673,216	492%
2041	1,050,810	5,779,099	550%
2042	951,379	5,830,696	613%
2043	856,015	5,821,353	680%
2044	765,247	5,747,199	751%
2045	679,517	5,614,396	826%
2046	599,165	5,423,185	905%
2047	524,474	5,186,658	989%
2048	455,643	4,912,083	1078%
2049	392,743	4,599,079	1171%
2050	335,780	4,259,996	1269%
2051	284,691	3,897,192	1369%
2052	239,337	3,526,044	1473%
2053	199,499	3,154,775	1581%
2054 and later	807,675	18,450,811	2284%

**Loss Ratio Summaries**

Accumulated Value of Historical to 12/31/2014	11,452,761	995,149	9%	11,452,761	995,149	9%
Present Value of Future to 12/31/2014	22,822,966	53,010,907	232%	42,070,294	53,744,133	128%
Total Values (Discounted at 4.00%)	34,275,728	54,006,056	158%	53,523,055	54,739,281	102%
Projected Loss Ratio without Rate Increase		158%		Projected Loss Ratio with Rate Increase		102%

## CMFG Life Insurance Company - Long Term Care

**Forms 2006-LTC-COMP(VA), 2006-LTCR-HC10EP, 2006-LTCR-CIP5L, 2006-LTCR-CIP3L,  
2006-LTCR-SIP5L, 2006-LTCR-SEE(VA), 2006-LTCR-ROP(VA), 2006-LTCR-ROP75(VA),  
2006-LTCR-NFB(VA), 2006-LTCR-SPWPD(VA), 2006-LTCR-LAH**

**Basic Annual Premiums per \$100 Max. Monthly Facility Benefit**

**90-Day Elimination Period**

**Single, Standard**

**0% Home Care**

<u>Issue Age</u>	<u>1yr</u>	<u>2yr</u>	<u>3yr</u>	<u>4yr</u>	<u>5yr</u>	<u>Life</u>
18-29	\$3.60	\$5.70	\$7.20	\$8.40	\$9.60	\$15.00
30-34	4.50	7.20	9.15	10.65	12.30	19.20
35-39	5.70	9.00	11.40	13.35	15.15	23.85
40-44	7.05	11.10	14.10	16.50	18.90	29.55
45	8.10	13.05	16.35	19.20	21.90	34.50
46	8.55	13.65	17.10	20.10	22.95	36.00
47	8.85	14.25	17.85	21.00	24.00	37.65
48	9.15	14.70	18.45	21.60	24.75	38.85
49	9.45	15.00	18.90	22.05	25.35	39.00
50	9.60	15.30	19.20	22.65	25.80	40.50
51	9.75	15.60	19.65	23.10	26.40	42.00
52	10.05	16.20	20.25	23.85	27.30	43.50
53	10.50	16.65	21.00	24.75	28.20	45.00
54	10.80	17.40	21.75	25.50	29.25	46.50
55	11.25	18.00	22.65	27.00	30.45	48.00
56	11.85	18.90	24.00	28.50	31.50	49.50
57	12.45	19.95	25.50	30.00	33.00	52.50
58	13.20	21.00	27.00	31.50	36.00	55.50
59	14.10	22.50	28.50	33.00	37.50	60.00
60	15.00	24.00	30.00	36.00	40.50	63.00
61	16.50	25.50	33.00	37.50	43.50	67.50
62	18.00	28.50	34.50	40.50	46.50	73.50
63	19.50	30.00	37.50	45.00	51.00	79.50
64	21.00	33.00	40.50	48.00	55.50	85.50
65	22.50	36.00	45.00	52.50	60.00	93.00
66	24.00	39.00	48.00	57.00	64.50	102.00
67	27.00	42.00	54.00	63.00	72.00	112.50
68	30.00	48.00	60.00	70.50	79.50	126.00
69	33.00	52.50	66.00	78.00	88.50	139.50
70	36.00	58.50	73.50	85.50	99.00	154.50
71	40.50	64.50	82.50	96.00	109.50	172.50
72	45.00	73.50	91.50	108.00	123.00	193.50
73	51.00	82.50	103.50	121.50	139.50	217.50
74	58.50	93.00	117.00	136.50	156.00	246.00
75	66.00	103.50	130.50	154.50	175.50	276.00
76	73.50	117.00	147.00	172.50	196.50	307.50
77	81.00	129.00	162.00	190.50	217.50	340.50
78	88.50	141.00	178.50	208.50	238.50	375.00
79	97.50	154.50	195.00	229.50	261.00	411.00
80	106.50	169.50	213.00	249.00	285.00	447.00
81	115.50	183.00	231.00	271.50	310.50	486.00
82	124.50	199.50	250.50	294.00	336.00	526.50
83	135.00	216.00	271.50	319.50	366.00	573.00
84	147.00	234.00	294.00	345.00	394.50	619.50
85	157.50	252.00	316.50	370.50	424.50	666.00
86	168.00	268.50	339.00	397.50	454.50	712.50
87	180.00	286.50	360.00	423.00	483.00	759.00
88	190.50	303.00	382.50	448.50	513.00	805.50
89	201.00	321.00	405.00	474.00	543.00	852.00
90	211.50	339.00	426.00	501.00	573.00	897.00

**CUNA Mutual Insurance Society - Long Term Care  
Limited Pay Option, Nonforfeiture and Refund of Premium Riders**

Rates shown as Multipliers

<b>ISSUE AGE</b>	<b>PAY TO AGE 65 OR 10 YEARS OPTION</b>	<b>NON- FORFEITURE RIDER</b>	<b>REFUND OF PREMIUM AT DEATH PRIOR TO AGE 75 RIDER</b>	<b>REFUND OF PREMIUM AT DEATH RIDER</b>
18-29	1.71	1.08	1.11	1.40
30-34	1.72	1.09	1.11	1.40
35-39	1.75	1.10	1.11	1.40
40-44	1.84	1.11	1.13	1.44
45	1.93	1.12	1.14	1.52
46	1.97	1.12	1.14	1.56
47	2.02	1.12	1.14	1.59
48	2.08	1.12	1.14	1.62
49	2.15	1.12	1.14	1.65
50	2.22	1.12	1.14	1.68
51	2.30	1.12	1.14	1.71
52	2.39	1.12	1.14	1.74
53	2.49	1.12	1.14	1.77
54	2.59	1.13	1.14	1.80
55	2.70	1.13	1.14	1.83
56	2.64	1.13	1.14	1.87
57	2.58	1.14	1.14	1.90
58	2.52	1.14	1.14	1.94
59	2.46	1.14	1.14	1.97
60	2.40	1.14	1.13	2.01
61	2.34	1.14	1.13	2.05
62	2.28	1.14	1.12	2.08
63	2.21	1.13	1.11	2.11
64	2.14	1.13	1.10	2.14
65	2.07	1.13	1.09	2.17
66	2.01	1.13	1.07	2.20
67	1.94	1.13	1.06	2.23
68	1.88	1.13	1.05	2.27
69	1.82	1.13	1.04	2.31
70	1.76	1.13	1.03	2.36
71	1.70	1.13	1.02	2.40
72	1.65	1.13	1.01	2.43
73	1.60	1.13	1.01	2.44
74	1.56	1.13	1.01	2.46
75	1.52	1.13		2.47
76	1.48	1.12		2.49
77	1.44	1.12		2.50
78	1.41	1.12		2.50
79	1.37	1.12		2.50
80	1.34	1.12		2.50
81	1.30	1.12		2.50
82	1.27	1.12		2.50
83	1.24	1.12		2.50
84	1.22	1.12		2.50
85	1.20	1.12		2.50
86	1.18	1.12		2.50
87	1.16	1.12		2.50
88	1.14	1.12		2.50
89	1.12	1.12		2.50
90	1.10	1.12		2.50

**CUNA Mutual Insurance Society - Long Term Care**  
**Inflation Protection Riders**  
Rates Shown as Multipliers

<u>Issue Age</u>	<u>5% Simple</u>	<u>3% Compound</u>	<u>5% Compound</u>
18-29	1.86	2.38	3.96
30-34	1.83	2.23	3.65
35-39	1.82	2.11	3.36
40-44	1.78	1.95	3.01
45	1.73	1.82	2.78
46	1.71	1.79	2.72
47	1.70	1.75	2.66
48	1.69	1.74	2.63
49	1.68	1.73	2.62
50	1.68	1.73	2.61
51	1.68	1.72	2.59
52	1.68	1.72	2.57
53	1.68	1.70	2.54
54	1.68	1.69	2.51
55	1.68	1.68	2.48
56	1.67	1.66	2.44
57	1.67	1.64	2.39
58	1.65	1.62	2.34
59	1.64	1.60	2.29
60	1.63	1.57	2.24
61	1.61	1.55	2.18
62	1.59	1.52	2.13
63	1.58	1.50	2.08
64	1.57	1.48	2.05
65	1.56	1.46	2.01
66	1.54	1.45	1.96
67	1.52	1.42	1.92
68	1.51	1.40	1.87
69	1.49	1.38	1.83
70	1.47	1.37	1.79
71	1.46	1.35	1.75
72	1.44	1.33	1.71
73	1.43	1.31	1.68
74	1.41	1.30	1.64
75	1.40	1.29	1.61
76	1.39	1.28	1.58
77	1.38	1.27	1.56
78	1.37	1.26	1.55
79	1.37	1.26	1.54
80	1.37	1.26	1.53
81	1.36	1.26	1.52
82	1.36	1.26	1.51
83	1.36	1.25	1.49
84	1.36	1.25	1.48
85	1.35	1.25	1.47
86	1.35	1.25	1.46
87	1.35	1.25	1.45
88	1.35	1.25	1.45
89	1.35	1.25	1.44
90	1.35	1.24	1.44

**CUNA Mutual Insurance Society – Long Term Care  
Elimination Period and Home Care Factors  
Discounts and Premium Mode Factors**

**Elimination Period Factors**

<b>30 day</b>	1.20
<b>60 day</b>	1.08
<b>90 day</b>	1.00
<b>100 day</b>	0.98
<b>180 day</b>	0.89

**Home Care Factors**

<b>Facility Only</b>	1.00
<b>50%</b>	1.05
<b>75%</b>	1.10
<b>100%</b>	1.14
<b>150%</b>	1.20
<b>200%</b>	1.27

**Discounts for Married and Preferred**

	<b><u>Standard</u></b>	<b><u>Preferred</u></b>	<b><u>Healthy Lifestyle</u></b>
<b>Single</b>	0%	10%	15%
<b>M - One Buying</b>	15%	25%	30%
<b>Couple</b>	35%	45%	50%

**Modal Premium Factors**

Annual	1.000
Semi-annual	0.520
Quarterly - Dir	0.270
Quarterly - ACH	0.235
Monthly - ACH	0.090

**CUNA Mutual Insurance Society – Long Term Care  
Miscellaneous Rider Premiums  
Shown as Multipliers**

	<b><u>SHARED EXTENDED EXPENSE RIDER</u></b>	<b><u>RESTORATION OF MAXIMUM BENEFIT RIDER</u></b>
<b>1 Year</b>	Not Available	1.10
<b>2 Year</b>	1.37	1.08
<b>3 Year</b>	1.37	1.06
<b>4 Year</b>	1.37	1.04
<b>5 Year</b>	1.37	1.02
<b>Life</b>	Not Available	Not Available

	<b><u>HOME CARE 10 DAY ELIMINATION PERIOD RIDER</u></b>
<b>30 day</b>	1.05
<b>60 day</b>	1.10
<b>90 day</b>	1.15
<b>100 day</b>	1.16
<b>180 day</b>	1.20

	<b><u>SPOUSE WAIVER OF PREMIUM AT DEATH RIDER</u></b>	<b><u>LIVING AT HOME RIDER</u></b>
<b>All</b>	1.10	1.04



## CMFG Life Insurance Company - Long Term Care

**Forms 2006-LTC-COMP(VA), 2006-LTCR-HC10EP, 2006-LTCR-CIP5L, 2006-LTCR-CIP3L,  
2006-LTCR-SIP5L, 2006-LTCR-SEE(VA), 2006-LTCR-ROP(VA), 2006-LTCR-ROP75(VA),  
2006-LTCR-NFB(VA), 2006-LTCR-SPWPD(VA), 2006-LTCR-LAH**

### Basic Annual Premiums per \$100 Max. Monthly Facility Benefit

90-Day Elimination Period

Single, Standard

0% Home Care

<u>Issue Age</u>	<u>1yr</u>	<u>2yr</u>	<u>3yr</u>	<u>4yr</u>	<u>5yr</u>	<u>Life</u>
18-29	\$4.79	\$7.58	\$9.58	\$11.17	\$12.77	\$19.95
30-34	5.99	9.58	12.17	14.16	16.36	25.54
35-39	7.58	11.97	15.16	17.76	20.15	31.72
40-44	9.38	14.76	18.75	21.95	25.14	39.30
45	10.77	17.36	21.75	25.54	29.13	45.89
46	11.37	18.15	22.74	26.73	30.52	47.88
47	11.77	18.95	23.74	27.93	31.92	50.07
48	12.17	19.55	24.54	28.73	32.92	51.67
49	12.57	19.95	25.14	29.33	33.72	51.87
50	12.77	20.35	25.54	30.12	34.31	53.87
51	12.97	20.75	26.13	30.72	35.11	55.86
52	13.37	21.55	26.93	31.72	36.31	57.86
53	13.97	22.14	27.93	32.92	37.51	59.85
54	14.36	23.14	28.93	33.92	38.90	61.85
55	14.96	23.94	30.12	35.91	40.50	63.84
56	15.76	25.14	31.92	37.91	41.90	65.84
57	16.56	26.53	33.92	39.90	43.89	69.83
58	17.56	27.93	35.91	41.90	47.88	73.82
59	18.75	29.93	37.91	43.89	49.88	79.80
60	19.95	31.92	39.90	47.88	53.87	83.79
61	21.95	33.92	43.89	49.88	57.86	89.78
62	23.94	37.91	45.89	53.87	61.85	97.76
63	25.94	39.90	49.88	59.85	67.83	105.74
64	27.93	43.89	53.87	63.84	73.82	113.72
65	29.93	47.88	59.85	69.83	79.80	123.69
66	31.92	51.87	63.84	75.81	85.79	135.66
67	35.91	55.86	71.82	83.79	95.76	149.63
68	39.90	63.84	79.80	93.77	105.74	167.58
69	43.89	69.83	87.78	103.74	117.71	185.54
70	47.88	77.81	97.76	113.72	131.67	205.49
71	53.87	85.79	109.73	127.68	145.64	229.43
72	59.85	97.76	121.70	143.64	163.59	257.36
73	67.83	109.73	137.66	161.60	185.54	289.28
74	77.81	123.69	155.61	181.55	207.48	327.18
75	87.78	137.66	173.57	205.49	233.42	367.08
76	97.76	155.61	195.51	229.43	261.35	408.98
77	107.73	171.57	215.46	253.37	289.28	452.87
78	117.71	187.53	237.41	277.31	317.21	498.75
79	129.68	205.49	259.35	305.24	347.13	546.63
80	141.65	225.44	283.29	331.17	379.05	594.51
81	153.62	243.39	307.23	361.10	412.97	646.38
82	165.59	265.34	333.17	391.02	446.88	700.25
83	179.55	287.28	361.10	424.94	486.78	762.09
84	195.51	311.22	391.02	458.85	524.69	823.94
85	209.48	335.16	420.95	492.77	564.59	885.78
86	223.44	357.11	450.87	528.68	604.49	947.63
87	239.40	381.05	478.80	562.59	642.39	1009.47
88	253.37	402.99	508.73	596.51	682.29	1071.32
89	267.33	426.93	538.65	630.42	722.19	1133.16
90	281.30	450.87	566.58	666.33	762.09	1193.01

**CUNA Mutual Insurance Society - Long Term Care  
Limited Pay Option, Nonforfeiture and Refund of Premium Riders**

Rates shown as Multipliers

<b>ISSUE AGE</b>	<b>PAY TO AGE 65 OR 10 YEARS OPTION</b>	<b>NON- FORFEITURE RIDER</b>	<b>REFUND OF PREMIUM AT DEATH PRIOR TO AGE 75 RIDER</b>	<b>REFUND OF PREMIUM AT DEATH RIDER</b>
18-29	1.71	1.08	1.11	1.40
30-34	1.72	1.09	1.11	1.40
35-39	1.75	1.10	1.11	1.40
40-44	1.84	1.11	1.13	1.44
45	1.93	1.12	1.14	1.52
46	1.97	1.12	1.14	1.56
47	2.02	1.12	1.14	1.59
48	2.08	1.12	1.14	1.62
49	2.15	1.12	1.14	1.65
50	2.22	1.12	1.14	1.68
51	2.30	1.12	1.14	1.71
52	2.39	1.12	1.14	1.74
53	2.49	1.12	1.14	1.77
54	2.59	1.13	1.14	1.80
55	2.70	1.13	1.14	1.83
56	2.64	1.13	1.14	1.87
57	2.58	1.14	1.14	1.90
58	2.52	1.14	1.14	1.94
59	2.46	1.14	1.14	1.97
60	2.40	1.14	1.13	2.01
61	2.34	1.14	1.13	2.05
62	2.28	1.14	1.12	2.08
63	2.21	1.13	1.11	2.11
64	2.14	1.13	1.10	2.14
65	2.07	1.13	1.09	2.17
66	2.01	1.13	1.07	2.20
67	1.94	1.13	1.06	2.23
68	1.88	1.13	1.05	2.27
69	1.82	1.13	1.04	2.31
70	1.76	1.13	1.03	2.36
71	1.70	1.13	1.02	2.40
72	1.65	1.13	1.01	2.43
73	1.60	1.13	1.01	2.44
74	1.56	1.13	1.01	2.46
75	1.52	1.13		2.47
76	1.48	1.12		2.49
77	1.44	1.12		2.50
78	1.41	1.12		2.50
79	1.37	1.12		2.50
80	1.34	1.12		2.50
81	1.30	1.12		2.50
82	1.27	1.12		2.50
83	1.24	1.12		2.50
84	1.22	1.12		2.50
85	1.20	1.12		2.50
86	1.18	1.12		2.50
87	1.16	1.12		2.50
88	1.14	1.12		2.50
89	1.12	1.12		2.50
90	1.10	1.12		2.50

**CUNA Mutual Insurance Society - Long Term Care**  
**Inflation Protection Riders**  
Rates Shown as Multipliers

<u>Issue Age</u>	<u>5% Simple</u>	<u>3% Compound</u>	<u>5% Compound</u>
18-29	1.86	2.38	3.96
30-34	1.83	2.23	3.65
35-39	1.82	2.11	3.36
40-44	1.78	1.95	3.01
45	1.73	1.82	2.78
46	1.71	1.79	2.72
47	1.70	1.75	2.66
48	1.69	1.74	2.63
49	1.68	1.73	2.62
50	1.68	1.73	2.61
51	1.68	1.72	2.59
52	1.68	1.72	2.57
53	1.68	1.70	2.54
54	1.68	1.69	2.51
55	1.68	1.68	2.48
56	1.67	1.66	2.44
57	1.67	1.64	2.39
58	1.65	1.62	2.34
59	1.64	1.60	2.29
60	1.63	1.57	2.24
61	1.61	1.55	2.18
62	1.59	1.52	2.13
63	1.58	1.50	2.08
64	1.57	1.48	2.05
65	1.56	1.46	2.01
66	1.54	1.45	1.96
67	1.52	1.42	1.92
68	1.51	1.40	1.87
69	1.49	1.38	1.83
70	1.47	1.37	1.79
71	1.46	1.35	1.75
72	1.44	1.33	1.71
73	1.43	1.31	1.68
74	1.41	1.30	1.64
75	1.40	1.29	1.61
76	1.39	1.28	1.58
77	1.38	1.27	1.56
78	1.37	1.26	1.55
79	1.37	1.26	1.54
80	1.37	1.26	1.53
81	1.36	1.26	1.52
82	1.36	1.26	1.51
83	1.36	1.25	1.49
84	1.36	1.25	1.48
85	1.35	1.25	1.47
86	1.35	1.25	1.46
87	1.35	1.25	1.45
88	1.35	1.25	1.45
89	1.35	1.25	1.44
90	1.35	1.24	1.44

**CUNA Mutual Insurance Society – Long Term Care  
Elimination Period and Home Care Factors  
Discounts and Premium Mode Factors**

**Elimination Period Factors**

<b>30 day</b>	1.20
<b>60 day</b>	1.08
<b>90 day</b>	1.00
<b>100 day</b>	0.98
<b>180 day</b>	0.89

**Home Care Factors**

<b>Facility Only</b>	1.00
<b>50%</b>	1.05
<b>75%</b>	1.10
<b>100%</b>	1.14
<b>150%</b>	1.20
<b>200%</b>	1.27

**Discounts for Married and Preferred**

	<b><u>Standard</u></b>	<b><u>Preferred</u></b>	<b><u>Healthy Lifestyle</u></b>
<b>Single</b>	0%	10%	15%
<b>M - One Buying</b>	15%	25%	30%
<b>Couple</b>	35%	45%	50%

**Modal Premium Factors**

Annual	1.000
Semi-annual	0.520
Quarterly - Dir	0.270
Quarterly - ACH	0.235
Monthly - ACH	0.090

**CUNA Mutual Insurance Society – Long Term Care  
Miscellaneous Rider Premiums  
Shown as Multipliers**

	<b><u>SHARED EXTENDED EXPENSE RIDER</u></b>	<b><u>RESTORATION OF MAXIMUM BENEFIT RIDER</u></b>
<b>1 Year</b>	Not Available	1.10
<b>2 Year</b>	1.37	1.08
<b>3 Year</b>	1.37	1.06
<b>4 Year</b>	1.37	1.04
<b>5 Year</b>	1.37	1.02
<b>Life</b>	Not Available	Not Available

	<b><u>HOME CARE 10 DAY ELIMINATION PERIOD RIDER</u></b>
<b>30 day</b>	1.05
<b>60 day</b>	1.10
<b>90 day</b>	1.15
<b>100 day</b>	1.16
<b>180 day</b>	1.20

	<b><u>SPOUSE WAIVER OF PREMIUM AT DEATH RIDER</u></b>	<b><u>LIVING AT HOME RIDER</u></b>
<b>All</b>	1.10	1.04

December 29, 2015

**Actuarial Memorandum Supporting Rate Revision for  
CMFG Life Insurance Company  
Individual Long-Term Care Insurance Plan  
2006 Product  
(Page 1 of 5)**

**1. SCOPE AND PURPOSE**

The purpose of this memorandum is to provide actuarial information supporting a rate revision to premiums for CMFG Life Insurance Company's (the Company) individual long-term care product form series 2006-LTC-COMP and associated riders. This product is referred to as the 2006 Product. (Some riders may not be available in all states.)

This product was sold nationwide from 2006 to 2010 and is no longer being marketed in any state.

The Company is requesting a 100% rate increase; an initial 50% rate increase followed by an additional 33% increase two years later. The rate increase is necessary because the current estimate of the nationwide lifetime loss ratio is in excess of expected. This rate filing is not intended to be used for other purposes.

The body of this actuarial memorandum was written to apply to each state where this product was issued. Any reference to information that is specific to a particular state is included in Appendix A.

Please refer to Section 27 for a description of the information contained in each Appendix.

**2. DESCRIPTION OF BENEFITS**

This product provides comprehensive long-term care coverage on an expense reimbursement basis up to policy limits. A benefit period, elimination period, monthly benefit, home health care percentage and inflation protection option were selected at issue. Several additional optional benefits were available such as nonforfeiture benefits, expanded spousal benefits and limited premium payment options. The benefit eligibility criteria are based on the insured's loss of the ability to perform Activities of Daily Living (ADLs) or having a severe cognitive impairment. The available benefit choices can be found in the rate tables that accompany this filing. A complete description of the benefit provisions and conditions for eligibility is contained in the policy form and riders on file with the state.

**3. RENEWABILITY CLAUSE**

This product is a Guaranteed Renewable, Individual Long Term Care policy.

**4. MARKETING METHOD**

This product was marketed to individuals by licensed agents. This product is not currently being marketed.

**5. UNDERWRITING**

All policies subject to this rate revision were subject to full medical underwriting in accordance with Company standards in place at the time of issue. Those underwriting standards were taken into consideration when projecting future experience.

## 6. APPLICABILITY

The revised rates will be applicable to the product described in Section 1.

## 7. MORBIDITY

The morbidity assumptions are based on a combination of the Company's historical claim experience from 2006 through December 31, 2014, the Milliman 2014 *Long Term Care Guidelines (Guidelines)* and judgment. The *Guidelines* reflect over \$25 billion of insured data and the experience and judgment of Milliman actuaries. The claim cost assumptions reflect the Company's current best estimate of future morbidity, including future improvement of 1% per year through 2029. The assumptions include a 10% load to future claims for moderately adverse experience.

## 8. MORTALITY

Mortality assumptions are based on Company experience from 2006 through December 31, 2014 and judgment. The best estimate mortality assumption is the Annuity 2000 Mortality Table on a sex distinct basis, projected forward with mortality improvement to 2029. Mortality improvement was based on 100% of Scale G for males and 50% of Scale G for females. The ultimate mortality table in 2029 was smoothed slightly to maintain a reasonable relationship of mortality rates between males and females. Mortality selection factors are also applied, starting at 0.20 in duration 1 and grading up to 0.95 in duration 14.

## 9. PERSISTENCY

Voluntary lapse assumptions are based on Company experience from 2006 through December 31, 2014 and judgment. Lapse rates are combined with mortality rates to derive the total termination rate. We assumed all remaining policies would terminate at attained age 120. The lapse assumptions represent the best estimate expectations of future experience and do not include any provisions for adverse experience. Lapse rates are shown below and vary by premium payment option and policy duration.

<u>Policy Duration</u>	<u>Premium Payment Option:</u>	
	<u>Limited Pay</u>	<u>Lifetime Pay</u>
1	2.0%	6.0%
2	2.0	4.0
3	2.0	3.0
4	1.0	2.0
5	1.0	2.0
6	1.0	1.5
7	0.0	1.5
8	0.0	1.5
9	0.0	1.0
10+	0.0	1.0

Appendix D contains a comparison of the actual total termination rates to both the original pricing assumptions and current assumptions.

## **10. EXPENSES**

Expenses are not being projected. It is assumed that the originally filed expense assumptions are appropriate.

## **11. PREMIUM CLASSES**

The rate revision will be applied as a consistent percentage to all premium classes.

## **12. ISSUE AGE RANGE**

This product was available for issue ages 18 to 90. Premiums are based on issue age.

## **13. AREA FACTORS**

The Company did not use area factors within the state in the premium scale for this product.

## **14. AVERAGE ANNUAL PREMIUM**

The average annual premium for this product both prior to the impact of the requested rate increase, and after, is indicated in Appendix A to this memorandum.

## **15. MODAL PREMIUM FACTORS**

The modal premium factors will remain unchanged from the current factors.

## **16. CLAIM LIABILITY AND RESERVE**

Claim reserves were calculated using appropriate actuarial methods for IBNR and for open claims on a disabled life basis. The claim reserves were discounted to the date of incurral for each claim and have been included in the historical incurred claims.

## **17. ACTIVE LIFE RESERVES**

We have provided supporting evidence for the justification of the proposed increase based on the relationship of incurred claims divided by earned premium compared to the minimum loss ratio. Incurred claims are calculated without the impact of the change in active life reserves.

## **18. TREND ASSUMPTION**

Benefits payable are equal to or less than the daily benefit limit. We have not included any medical trend in the projections.

## **19. MAXIMUM ALLOWABLE RATE INCREASE**

The maximum allowable rate increase is shown in Appendix A under two different approaches. The first approach applies to policies sold prior to the rate stabilization regulation date and is based on a minimum loss ratio. The state's rate stabilization regulation date (if applicable) and minimum loss ratio are shown in Appendix A. The second approach applies to policies sold on or after the rate stabilization regulation



date and is based on a 58% loss ratio on the initial premium and an 85% loss ratio on the increased premium. The requested rate increase is less than the maximum allowed increase under either approach.

## **20. DISTRIBUTION OF BUSINESS**

The historical experience reflects the actual distribution of policies during the experience period. The projected future experience is based on a seriatim projection of the current inforce policies.

## **21. EXPERIENCE – PAST AND FUTURE**

The historical and projected experience, both with and without the requested rate increase(s), is contained in Appendices B and C. The premium in Appendix B is shown on this state's rate basis (applying the level of this state's rate increase(s) to every state).

## **22. LIFETIME LOSS RATIO**

The development of the anticipated nationwide lifetime loss ratio, both without a rate increase and with the requested rate increase(s), is shown in Appendix B. An annual interest rate of 4.00% was used to calculate the lifetime loss ratio in the supporting appendices and was determined based on a weighted average of statutory valuation rates by policies sold by issue year. The initial rate increase of 50% is assumed effective January 1, 2016 (for simplicity, in the projections only, the impact of any rate guarantee period has not been modeled and the rate increase is conservatively assumed to occur on January 1, 2016). The second rate increase of 33% is assumed effective January 1, 2018.

## **23. HISTORY OF RATE ADJUSTMENTS**

Please refer to Appendix A for the history of any rate adjustments that have been approved in this state.

## **24. NUMBER OF POLICYHOLDERS**

Please refer to Appendix A for the current number of policyholders as of December 31, 2014 in this state.

## **25. PROPOSED EFFECTIVE DATE**

This rate will be implemented as soon as possible after approval has been granted as allowed based on regulation. For policies still inside a rate guarantee period, the rate increase will become effective after the rate guarantee period has expired.

## **26. RELATIONSHIP OF RENEWAL PREMIUM TO NEW BUSINESS PREMIUM**

The Company is no longer selling any new proprietary long-term care products. Therefore, the comparison of renewal premium rates after the rate increase to the Company's current new business premium rate schedule is not applicable.

## 27. SUMMARY OF APPENDICES

Appendix A contains information that is specific to the state in which this filing is made, such as the average annual premium, the number of policyholders in force, etc.

Appendix B contains historical and projected nationwide experience for all policies issued under this product. The appendix also includes the projected lifetime loss ratios both without and with the proposed increase.

Appendix C contains the historical and projected experience of only the policies issued in the state.

Appendix D contains a comparison of the actual total termination rates to both the original pricing assumptions and current assumptions.

## 28. ACTUARIAL CERTIFICATION

I, James Switzer, am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the Academy's qualification standards for preparing health rate filings.

I, John Svedberg, am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the Academy's qualification standards for preparing health rate filings.

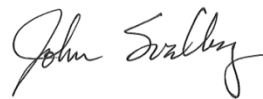
To the best of our knowledge and judgment this rate filing is in compliance with the applicable laws and regulations of this State as they relate to premium rate developments and revisions. This memorandum complies with all applicable Actuarial Standards of Practice, including ASOP No. 8.

The projected experience shown in this Memorandum is based on assumptions that include provisions for moderately adverse experience. If the requested premium rate schedule increases are implemented and the underlying assumptions, which reflect moderately adverse conditions, are realized, no further premium rate schedule increases are anticipated. In our opinions, the rates are not excessive or unfairly discriminatory.



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James Switzer, FSA, MAAA, CERA  
Actuary, Corporate Actuarial



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John Svedberg, FSA, MAAA  
Director and Actuary, Corporate Actuarial

# Appendix A

## CMFG Life Insurance Company

### 2006 Product

## Virginia

**Requested Rate Increases: 50% effective 01/01/2016 followed by a 33% effective 01/01/2018**

#### 14. Average Annual Premium

The average annual premium for this form and associated riders,  
prior to the rate increase, is:

Virginia	\$1,557
Nationwide	\$1,544

The average annual premium for this form and associated riders,  
after the rate increase, is:

Virginia	\$3,106
Nationwide	\$3,081

#### 19. Maximum Allowable Rate Increase

Rate Stabilization Date for Virginia	10/01/03
Approach 1: 60% Minimum Loss Ratio	240%
Approach 2: 58% Loss Ratio on Initial Premium / 85% on Increased Premium	173%

Requested rate increase

Effective 01/01/2016	50%
Effective 01/01/2018	33%

#### 22. Lifetime Loss Ratio - Nationwide

The Lifetime Loss Ratio for all policies without the requested rate increase is:	152%
The Lifetime Loss Ratio for all policies with the requested rate increase is:	101%

#### 23. History of Rate Adjustments

There have been no rate increases on this form in this state.

#### 24. Number of Policyholders and Annualized Premium as of December 31, 2014

	All Policies	
	Policies	Premium
Virginia	1,171	\$1,822,883
Nationwide	14,040	\$21,682,868

**Appendix B**  
**CMFG Life Insurance Company**  
**Historical and Projected Experience**  
**Nationwide Experience**  
**Virginia Rate Basis**  
**2006 Product**

**Historical**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2006	545	0	0%
2007	1,606,102	0	0%
2008	7,043,219	179,714	3%
2009	13,550,038	192,826	1%
2010	21,091,864	578,360	3%
2011	22,858,946	1,589,456	7%
2012	22,193,626	1,668,165	8%
2013	21,919,341	2,286,174	10%
2014	21,258,212	4,678,546	22%

**Projection without Rate Increase\***

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2015	20,766,580	3,798,514	18%
2016	20,318,033	4,668,299	23%
2017	19,878,646	5,646,257	28%
2018	19,435,359	6,729,276	35%
2019	18,965,284	7,933,306	42%
2020	18,407,543	9,255,807	50%
2021	17,889,402	10,733,805	60%
2022	17,368,784	12,365,893	71%
2023	16,806,178	14,225,808	85%
2024	16,222,641	16,263,169	100%
2025	15,644,217	18,571,585	119%
2026	15,058,046	21,072,769	140%
2027	14,456,616	23,787,731	165%
2028	13,840,264	26,689,679	193%
2029	13,213,003	29,773,142	225%
2030	12,575,891	33,341,855	265%
2031	11,927,240	37,078,085	311%
2032	11,266,350	40,897,461	363%
2033	10,602,764	44,756,978	422%
2034	9,935,348	48,605,404	489%
2035	9,263,902	52,321,585	565%
2036	8,593,545	55,722,926	648%
2037	7,931,856	58,663,160	740%
2038	7,280,063	61,056,558	839%
2039	6,638,749	62,856,521	947%
2040	6,019,478	63,971,441	1063%
2041	5,425,308	64,311,333	1185%
2042	4,856,315	63,896,094	1316%
2043	4,317,628	62,781,268	1454%
2044	3,811,921	60,950,173	1599%
2045	3,340,586	58,496,400	1751%
2046	2,905,047	55,451,116	1909%
2047	2,506,118	51,951,328	2073%
2048	2,144,108	48,143,680	2245%
2049	1,818,664	44,085,309	2424%
2050	1,528,968	39,892,834	2609%
2051	1,273,818	35,647,399	2798%
2052	1,051,544	31,456,536	2991%
2053	860,043	27,429,353	3189%
2054 and later	3,176,734	141,332,332	4449%

\* Projections include a 10% moderately adverse experience load to claims.

**Projection with Rate Increase\***

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2015	20,766,580	3,798,514	18%
2016	29,630,465	4,784,015	16%
2017	29,817,968	5,790,613	19%
2018	37,971,832	7,039,823	19%
2019	37,835,742	8,295,933	22%
2020	36,723,048	9,655,350	26%
2021	35,689,356	11,172,959	31%
2022	34,650,724	12,866,742	37%
2023	33,528,324	14,747,446	44%
2024	32,364,170	16,847,915	52%
2025	31,210,213	19,181,907	61%
2026	30,040,802	21,727,567	72%
2027	28,840,949	24,481,983	85%
2028	27,611,327	27,420,871	99%
2029	26,359,941	30,539,501	116%
2030	25,088,902	34,147,715	136%
2031	23,794,844	37,919,793	159%
2032	22,476,369	41,766,167	186%
2033	21,152,514	45,645,168	216%
2034	19,821,020	49,505,109	250%
2035	18,481,484	53,224,958	288%
2036	17,144,123	56,620,672	330%
2037	15,824,053	59,546,771	376%
2038	14,523,725	61,917,465	426%
2039	13,244,303	63,687,323	481%
2040	12,008,858	64,765,801	539%
2041	10,823,489	65,061,432	601%
2042	9,688,348	64,596,761	667%
2043	8,613,667	63,428,457	736%
2044	7,604,782	61,540,685	809%
2045	6,664,470	59,028,525	886%
2046	5,795,569	55,925,675	965%
2047	4,999,706	52,370,119	1047%
2048	4,277,495	48,509,452	1134%
2049	3,628,236	44,400,917	1224%
2050	3,050,291	40,161,812	1317%
2051	2,541,268	35,874,055	1412%
2052	2,097,831	31,645,125	1508%
2053	1,715,786	27,584,542	1608%
2054 and later	6,337,584	141,945,685	2240%

**Loss Ratio Summaries**

Accumulated Value of Historical to 12/31/2014	148,849,082	12,020,402	8%	148,849,082	12,020,402	8%
Present Value of Future to 12/31/2014	258,476,674	605,146,795	234%	475,498,678	615,939,885	130%
Total Values (Discounted at 4.00%)	407,325,757	617,167,196	152%	624,347,760	627,960,287	101%
Projected Loss Ratio without Rate Increase			152%	Projected Loss Ratio with Rate Increase		101%
Minimum Lifetime Loss Ratio			60%			
Maximum Allowable Increase						
Approach 1: 60% Minimum Loss Ratio			240%			
Approach 2: 58% Loss Ratio on Initial Premium / 85% on Increased Premium			173%			
Requested Rate Increase			50%	Effective 01/01/2016		
			33%	Effective 01/01/2018		

**Appendix C**  
**CMFG Life Insurance Company**  
**Historical and Projected Experience**  
**Virginia Experience**  
**2006 Product**

**Historical**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2006	0	0	0%
2007	0	0	0%
2008	179,533	0	0%
2009	977,246	0	0%
2010	1,693,328	0	0%
2011	1,874,280	0	0%
2012	1,849,088	533,618	29%
2013	1,826,869	92,338	5%
2014	1,825,040	302,631	17%

**Projection without Rate Increase\***

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2015	1,788,935	282,763	16%
2016	1,751,312	349,044	20%
2017	1,714,996	424,023	25%
2018	1,676,707	508,481	30%
2019	1,636,201	600,309	37%
2020	1,585,976	700,735	44%
2021	1,542,281	813,535	53%
2022	1,502,223	938,196	62%
2023	1,455,045	1,077,785	74%
2024	1,411,114	1,236,008	88%
2025	1,366,203	1,411,382	103%
2026	1,319,506	1,605,972	122%
2027	1,269,843	1,821,669	143%
2028	1,221,111	2,057,515	168%
2029	1,171,470	2,310,714	197%
2030	1,120,798	2,606,084	233%
2031	1,068,958	2,922,673	273%
2032	1,016,056	3,255,293	320%
2033	962,244	3,599,844	374%
2034	907,708	3,950,404	435%
2035	852,660	4,300,379	504%
2036	797,365	4,637,764	582%
2037	742,129	4,947,203	667%
2038	687,287	5,217,271	759%
2039	632,563	5,442,092	860%
2040	578,321	5,611,738	970%
2041	526,722	5,719,736	1086%
2042	476,882	5,773,857	1211%
2043	429,080	5,767,529	1344%
2044	383,583	5,696,826	1485%
2045	340,610	5,567,786	1635%
2046	300,333	5,380,586	1792%
2047	262,894	5,148,082	1958%
2048	228,393	4,877,484	2136%
2049	196,863	4,568,396	2321%
2050	168,311	4,233,071	2515%
2051	142,702	3,873,873	2715%
2052	119,968	3,506,067	2922%
2053	100,000	3,137,850	3138%
2054 and later	404,850	18,377,758	4539%

\* Projections include a 10% moderately adverse experience load to claims.

**Projection with Rate Increase\***

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2015	1,788,935	282,763	16%
2016	2,553,996	355,464	14%
2017	2,572,494	432,144	17%
2018	3,275,866	526,173	16%
2019	3,264,222	621,047	19%
2020	3,164,022	723,629	23%
2021	3,076,850	838,848	27%
2022	2,996,935	966,065	32%
2023	2,902,816	1,108,262	38%
2024	2,815,173	1,269,226	45%
2025	2,725,576	1,447,381	53%
2026	2,632,414	1,644,814	62%
2027	2,533,338	1,863,364	74%
2028	2,436,117	2,102,035	86%
2029	2,337,084	2,357,946	101%
2030	2,235,992	2,656,385	119%
2031	2,132,572	2,975,957	140%
2032	2,027,032	3,311,355	163%
2033	1,919,677	3,658,386	191%
2034	1,810,878	4,011,041	221%
2035	1,701,056	4,362,733	256%
2036	1,590,743	4,701,338	296%
2037	1,480,548	5,011,313	338%
2038	1,371,138	5,281,151	385%
2039	1,261,964	5,505,079	436%
2040	1,153,751	5,673,216	492%
2041	1,050,810	5,779,099	550%
2042	951,379	5,830,696	613%
2043	856,015	5,821,353	680%
2044	765,247	5,747,199	751%
2045	679,517	5,614,396	826%
2046	599,165	5,423,185	905%
2047	524,474	5,186,658	989%
2048	455,643	4,912,083	1078%
2049	392,743	4,599,079	1171%
2050	335,780	4,259,996	1269%
2051	284,691	3,897,192	1369%
2052	239,337	3,526,044	1473%
2053	199,499	3,154,775	1581%
2054 and later	807,675	18,450,811	2284%

**Loss Ratio Summaries**

Accumulated Value of Historical to 12/31/2014	11,452,761	995,149	9%	11,452,761	995,149	9%
Present Value of Future to 12/31/2014	22,822,966	53,010,907	232%	42,070,294	53,744,133	128%
Total Values (Discounted at 4.00%)	34,275,728	54,006,056	158%	53,523,055	54,739,281	102%
Projected Loss Ratio without Rate Increase		158%		Projected Loss Ratio with Rate Increase		102%

**Appendix D**  
**CMFG Life Insurance Company**  
**Policy Persistency Comparison**  
**Nationwide Experience**  
**2006 Product**

Policy Duration	Total Lives	Actual Results		Original Pricing Assumptions						Current Assumptions		
		Total Terminations		Lapse	Number of Expected Lapses	Mortality	Number of Expected Deaths	Total Terminations		Lapse	Mortality	Total Terminations
1	16,922	6.2%		5.9%	1,007	0.1%	24	6.1%		6.0%	0.1%	6.1%
2	15,878	4.1%		5.0%	787	0.2%	38	5.2%		4.0%	0.2%	4.2%
3	15,231	2.7%		4.0%	604	0.4%	54	4.3%		3.0%	0.3%	3.3%
4	14,796	2.4%		3.0%	440	0.5%	73	3.5%		2.0%	0.4%	2.4%
5	9,658	2.7%		2.5%	239	0.6%	63	3.1%		2.0%	0.4%	2.4%
6	5,325	2.6%		1.5%	79	0.9%	46	2.3%		1.5%	0.5%	2.0%
7	1,682	3.0%		0.0%	0	1.1%	18	1.1%		1.5%	0.7%	2.2%

**Notes:**

- 1) The results shown above include only lifetime pay policies (excludes single pay, 10 pay and paid-up at 65)
- 2) The "Actual Results" are the historical total policy termination rates observed by the Company.
- 3) The "Original Pricing Assumptions" are those assumptions originally used to price the product. The mortality assumptions are based on the 1994 GAM table, projected to 2006.  
The original ultimate lapse assumption reached 1.0% by duration 7.
- 4) The "Current Assumptions" are those used in the projection for the current rate filing. The mortality assumptions are based on the Annuity 2000 table projected to 2009 (Scale G 100% Male, 50% Female, no smoothing), with selection factors. The current assumed ultimate lapse rate is 1.0% starting in duration 9.
- 5) Experience is through December 31, 2014

**Alternate Appendix B**  
**CMFG Life Insurance Company**  
**Historical and Projected Experience**  
**Nationwide Experience**  
**Virginia Rate Basis**  
**2006 Product**

Projections run with ultimate lapse rates increased by 1%

**Historical**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2006	545	0	0%
2007	1,606,102	0	0%
2008	7,043,219	179,714	3%
2009	13,550,038	192,826	1%
2010	21,091,864	578,360	3%
2011	22,858,946	1,589,456	7%
2012	22,193,626	1,668,165	8%
2013	21,919,341	2,286,174	10%
2014	21,258,212	4,678,546	22%

**Projection without Rate Increase\***

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2015	20,764,742	3,797,956	18%
2016	20,290,090	4,658,932	23%
2017	19,777,469	5,608,944	28%
2018	19,205,801	6,635,704	35%
2019	18,563,023	7,747,862	42%
2020	17,835,403	8,949,371	50%
2021	17,159,184	10,274,923	60%
2022	16,492,922	11,738,064	71%
2023	15,797,528	13,347,027	84%
2024	15,094,306	15,124,775	100%
2025	14,409,165	17,077,994	119%
2026	13,729,539	19,184,361	140%
2027	13,048,613	21,440,857	164%
2028	12,365,508	23,815,979	193%
2029	11,683,726	26,299,695	225%
2030	11,008,438	29,160,795	265%
2031	10,335,131	32,107,310	311%
2032	9,660,638	35,055,660	363%
2033	8,994,850	37,971,185	422%
2034	8,335,446	40,804,112	490%
2035	7,680,709	43,450,317	566%
2036	7,043,028	45,789,326	650%
2037	6,424,924	47,695,594	742%
2038	5,825,435	49,094,511	843%
2039	5,239,973	49,941,770	953%
2040	4,687,350	50,225,671	1072%
2041	4,164,659	49,872,888	1198%
2042	3,668,254	48,884,332	1333%
2043	3,200,845	47,285,441	1477%
2044	2,764,617	45,076,486	1630%
2045	2,367,700	42,441,182	1793%
2046	2,011,266	39,478,103	1963%
2047	1,683,474	36,093,620	2144%
2048	1,385,358	32,433,338	2341%
2049	1,132,692	28,845,685	2547%
2050	914,474	25,267,540	2763%
2051	730,472	21,845,612	2991%
2052	578,685	18,629,210	3219%
2053	449,309	15,553,869	3462%
2054 and later	1,305,095	64,047,867	4908%

\* Projections include a 10% moderately adverse experience load to claims.

**Projection with Rate Increase\***

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2015	20,764,742	3,797,956	18%
2016	29,589,715	4,774,445	16%
2017	29,666,204	5,752,414	19%
2018	37,523,334	6,942,133	19%
2019	37,033,231	8,102,192	22%
2020	35,581,629	9,335,714	26%
2021	34,232,573	10,695,183	31%
2022	32,903,379	12,193,540	37%
2023	31,516,067	13,836,018	44%
2024	30,113,140	15,648,751	52%
2025	28,746,284	17,638,511	61%
2026	27,390,431	19,779,541	72%
2027	26,031,983	22,065,489	85%
2028	24,669,188	24,467,027	99%
2029	23,309,034	26,974,966	116%
2030	21,961,834	29,864,083	136%
2031	20,618,587	32,834,878	159%
2032	19,272,973	35,798,489	186%
2033	17,944,726	38,722,105	216%
2034	16,629,215	41,555,918	250%
2035	15,323,015	44,195,117	288%
2036	14,050,841	46,520,838	331%
2037	12,817,723	48,406,936	378%
2038	11,621,744	49,779,598	428%
2039	10,453,745	50,593,698	484%
2040	9,351,263	50,841,442	544%
2041	8,308,494	50,445,599	607%
2042	7,318,167	49,410,597	675%
2043	6,385,686	47,761,829	748%
2044	5,515,412	45,500,906	825%
2045	4,723,562	42,815,285	906%
2046	4,012,476	39,804,792	992%
2047	3,358,530	36,374,312	1083%
2048	2,763,789	32,669,732	1182%
2049	2,259,720	29,043,166	1285%
2050	1,824,376	25,429,657	1394%
2051	1,457,291	21,977,244	1508%
2052	1,154,476	18,734,788	1623%
2053	896,372	15,637,138	1744%
2054 and later	2,603,665	64,310,808	2470%

**Loss Ratio Summaries**

Accumulated Value of Historical to 12/31/2014	148,849,082	12,020,402	8%	148,849,082	12,020,402	8%
Present Value of Future to 12/31/2014	239,217,715	484,151,204	202%	437,146,647	493,319,354	113%
Total Values (Discounted at 4.00%)	388,066,798	496,171,605	128%	585,995,729	505,339,756	86%
Projected Loss Ratio without Rate Increase		128%		Projected Loss Ratio with Rate Increase		86%
Minimum Lifetime Loss Ratio		60%				
Maximum Allowable Increase						
Approach 1: 60% Minimum Loss Ratio		183%				
Approach 2: 58% Loss Ratio on Initial Premium / 85% on Increased Premium		133%				
Requested Rate Increase		50%	Effective 01/01/2016			
		33%	Effective 01/01/2018			

Long Term Care Insurance Rate Request Summary  
Part 1 – To Be Completed By Company

Reset Form

Company Name and NAIC Number:	CMFG Life Insurance Company 62626
SERFF Tracking Number:	CUNA-130384266
Effective Date:	Upon Approval

Revised Rates

Average Annual Premium Per Member:	\$1557
Average Requested Percentage Rate Change Per Member:	100%
Minimum Requested Percentage Rate Change Per Member:	100%
Maximum Requested Percentage Rate Change Per Member:	100%
Number of Policy Holders Affected :	1171

Plans Affected

(The Form Number and “Product Name”)

Form#	“Product Name”(if applicable)
2006-LTC-COMP(VA) 2006-LTCR-HC10EP 2006-LTCR-CIP5L 2006-LTCR-CIP3L 2006-LTCR-SIP5L 2006-LTCR-SEE(VA) 2006-LTCR-ROP(VA) 2006-LTCR-ROP75(VA) 2006-LTCR-NFB(VA) 2006-LTCR-SPWPD(VA) 2006-LTCR-LAH	Long Term Care Insurance Policy Home and Community Care 10-Day Elimination Period Rider Inflation Protection Rider - 5% Compound Lifetime Inflation Protection Rider - 3% Compound Lifetime Inflation Protection Rider - 5% Simple Lifetime Shared Extended Expense Rider Return of Premium at Death Rider Return of Premium at Death Prior to Age 75 Rider Nonforfeiture Benefit Rider Spouse or Partner Waiver of Premium at Death Rider Living at Home Rider

Attach a brief narrative to summarize the key information used to develop the rates including the main drivers for the revised rates.

***This document is intended to help explain the rate filing and it is only a summary of the company’s request. It is not intended to describe or include all factors or information considered in the review process. For more detailed information, please refer to the complete filing.***



**CMFG Life Insurance Company      62626**

**SERFF Tracking #CUNA-130384266  
2006 Product**

**Health Insurance Rate Request Summary Attachment**

**Brief Narrative**

**CMFG Life is seeking premium rate increases on its Long Term Care Insurance (LTC) products because current estimates of lifetime “loss ratios” (i.e., benefits paid to our policyholders, divided by premiums received from those policyholders) are in far in excess of those assumed when our products were priced. The primary drivers of the higher-than-expected loss ratios are higher policy persistency experience and less favorable morbidity projections than expected in original pricing. As a result, the Company will ultimately pay out much more in total claims than was originally expected.**

12/30/2015	LTC Rate Increase Filing Details																					
	2006 Product*																					
State	Filing Status	Filed Date (Initial Request)	Approval / Acceptance Date	Rate Increase Approved/ Accepted	Add'l Filing Status	Add'l Filing Date	Add'l Approval / Acceptance Date	Add'l Rate Increase Approved/ Accepted	Add'l Filing Status	Add'l Filing Date	Add'l Approval / Acceptance Date	Add'l Rate Increase Approved/ Accepted	Add'l Filing Status	Add'l Filing Date	Add'l Approval / Acceptance Date	Add'l Rate Increase Approved/ Accepted	Add'l Filing Status	Add'l Filing Date	Add'l Approval / Acceptance Date	Add'l Rate Increase Approved/ Accepted	Total Annual written premium as of 12/31/2014	Total of Policyholders as of 12/31/2014
AK																					\$2,785	2
AL	Pending	11/11/2015																			\$244,753	149
AR																					\$3,901	5
AZ	Pending	11/9/2015																			\$642,323	377
CA	Pending	6/19/2015																			\$1,981,680	1189
CO																					\$418,247	265
CT	Disapproved**	6/1/2012																			\$1,108,294	555
DC																					\$101,705	56
DE																					\$262,380	226
FL	Approved	3/21/2012	6/21/2012	1.8%	Approved	4/9/2013	12/6/2013	2%	Approved	6/11/2014	9/4/2014	10%***	Approved	9/24/2015	12/10/2015	10%****					\$2,402,197	1607
GA	Approved	8/30/2011	10/5/2011	15%	Approved	6/7/2012	7/30/2012	15%	Approved	8/9/2013	10/1/2013	10%	Approved	7/31/2014	8/20/2014	9.9%	Approved	7/8/2015	7/22/2015	9.9%	\$1,254,390	560
HI																					\$21,253	13
IA	Approved	9/25/2015	12/21/2015	17%																	\$242,834	161
ID																					\$1,066	2
IL	Pending	9/23/2015																			\$897,652	681
IN																					\$42,948	24
KS	Pending	10/29/2015																			\$315,601	274
KY	Pending	12/23/2015																			\$21,472	9
LA	Pending	11/23/2015																			\$83,607	65
MA	Pending	10/8/2013																			\$451,418	245
MD	Accepted	7/7/2015	12/15/2015	15%																	\$1,286,161	829
ME																					\$0	0
MI	Approved	10/30/2015	12/21/2015	50% 2016 33% 2018																	\$1,020,444	752
MN	Pending	11/11/2015																			\$411,677	256
MO	Accepted	9/25/2015	11/2/2015	10%																	\$509,762	469
MS																					\$5,374	4
MT																					\$0	0
NC	Approved	6/19/2015	11/12/2015	35%																	\$849,337	562
ND																					\$0	0
NE																					\$2,246	1
NH	Pending	11/11/2015																			\$78,475	51
NJ	Pending	11/9/2015																			\$766,472	438
NM																					\$83,257	45
NV																					\$14,835	8
NY																					\$0	0
OH	Pending	12/29/2015																			\$46,531	27
OK																					\$1,023	2
OR																					\$11,289	4
PA	Pending	8/27/2015																			\$1,362,689	986
RI	Pending	12/16/2015																			\$56,246	30
SC	Pending	12/9/2015																			\$850,793	603
SD																					\$0	0
TN	Approved	7/5/2011	5/24/2012	25%	Approved	4/16/2013	10/7/2013	25%	Pending	12/15/2015											\$60,129	21
TX	Pending	12/30/2015																			\$1,728,177	1194

State	Filing Status	Filed Date (Initial Request)	Approval / Acceptance Date	Rate Increase Approved/ Accepted	Add'l Filing Status	Add'l Filing Date	Add'l Approval / Acceptance Date	Add'l Rate Increase Approved/ Accepted	Add'l Filing Status	Add'l Filing Date	Add'l Approval / Acceptance Date	Add'l Rate Increase Approved/ Accepted	Add'l Filing Status	Add'l Filing Date	Add'l Approval / Acceptance Date	Add'l Rate Increase Approved/ Accepted	Add'l Filing Status	Add'l Filing Date	Add'l Approval / Acceptance Date	Add'l Rate Increase Approved/ Accepted	Total Annual written premium as of 12/31/2014	Total of Policyholders as of 12/31/2014
UT																					\$57,871	42
VA	Pending	12/30/2015																			\$1,822,883	1171
VT																					\$0	0
WA	Pending	12/16/2015																			\$51,813	31
WI	Accepted	3/17/2011	4/27/2011	50%	Pending	12/16/2015															\$78,207	34
WV																					\$17,290	11
WY																					\$9,381	4

\*CMFG Life Insurance Company has been in the process of requesting at least a 50% rate increases on all of our products in all states. Two of our four products (2002 and 2006) have 10-year rate guarantees in most states; therefore, with these two products, we are filing our requests as the 10-year guarantees begin to expire. The states shown in the chart above are those states where either there was no 10-year guarantee (CT, FL, GA, TN, WI) or the 10-year guarantee has expired or will expire soon.

\*\*In states where the rate increase filing has been disapproved, CMFG Life is continuing to work with the state to eventually gain approval of a rate increase.

\*\*\*FL - 10% rate increase for policyholders with issue ages less than age 65 with the increases decreasing linearly thereafter to 0% for issue ages 85-90.

\*\*\*\*FL - 10% rate increase for policyholders with issue ages less than age 55 with the increases decreasing linearly thereafter to 0% for issue ages 75-90.